September 24, 2012

Honorable Rick Nelson Houenipwela
Minister of Finance and Treasury
Ministry of Finance and Treasury
P.O. Box 26
Honiara, Solomon Islands

Re: Solomon Islands: PHRD Grant No. (TF012391)
Technical Assistance Grant to Support Disaster
Reduction and Recovery
Increasing Resilience to Climate Change and
Natural Hazards Project

Excellency:

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/International Development Association ("World Bank"), acting as administrator of grant funds provided by Japan (the "Donor") under the Japan Policy and Human Resources Development (PHRD) Trust Fund, proposes to extend to the Recipient, a grant in an amount not to exceed two million seven hundred thirty thousand United States Dollars (U.S.$2,730,000) ("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 above-mentioned 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 Donor under the above-mentioned 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.

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. Upon receipt by the World Bank of this countersigned copy, this Agreement shall
become effective as of the date of the countersignature; note, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By [Signature]

Ulrich Zachau
Acting Country Director
Timor-Leste, Papua New Guinea & Pacific Islands Operations
East Asia and Pacific Region

AGREEED:

SOLOMON ISLANDS

By [Signature]

Authorized Representative
Name HON RICK HOUENIPWELA
Title MINISTER OF FINANCE & TREASURY
Date 24 Sept 2012

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Cc: Hon. John Moffat Fugui, Minister of Environment, Climate Change, Disaster Management and Meteorology
    Mr. Shadrach Fanega, Permanent Secretary, Ministry of Finance and Treasury
PHRD Grant No. TF012391
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("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 and the following additional terms shall have the following meanings:

(i) "Climate Change Division" means Recipient’s office in charge of climate change created and operating within the administrative structure of the Recipient’s Ministry of Environment, Climate Change, Disaster Management and Meteorology.

(ii) "Community" or "Communities" means one or several eligible communities in the Recipient’s territory whose Pilot meets the selection criteria established in the Pilot Operations Manual and who has or have received, or is or are to receive a Community Grant, under a Community Grant Agreement.

(iii) "Community Grant" means a grant made or proposed to be made under Component C(i) of the Project to a Community for the financing of goods, works, non-consulting services, consultants’ services, Training and Operating Costs under a Pilot.

(iv) "Community Grant Agreement" means an agreement to be signed between a Community and the Recipient’s Ministry of Environment, Climate Change, Disaster Management and Meteorology for the financing of a Pilot.

(v) "Environmental and Social Management Plan" means a document dated September 20, 2012 published on the website [http://infoshop.worldbank.org](http://infoshop.worldbank.org), and adopted by the Recipient which outlines general implementation procedures, mitigation measures and monitoring procedures for environmental and social purposes under the Project, as said plan may be amended from time to time with the World Bank’s prior approval.

(vi) "HF radio and e-mail systems" means high-frequency radio and internet-based communication systems.

(vii) "Line Ministries" means the Recipient’s ministries in charge of finance, health, education, agriculture, lands, water resources, geo-hazards, rural development, infrastructure and development, provincial government, development planning and aid coordination and any successors thereto.
(viii) “MECDM” means the Recipient’s Ministry of Environment, Climate Change, Disaster Management and Meteorology and any successor thereto.

(ix) “National Disaster Council” means the Recipient’s inter-ministerial body in charge of policy development and strategic management oversight of disaster risk reduction, disaster response and recovery as established and operating under the Recipient’s National Disaster Council ACT 1989 (No 18 of 1989), and any successor thereto.

(x) “National Disaster Management Office” means the Recipient’s office in charge of disaster management created and operating within the administrative structure of the Recipient’s National Disaster Council.

(xi) “National Disaster Risk Management Plan” means the Recipient’s plan that provides for the establishment of institutional arrangements for disaster risk reduction at national, provincial and local level as established and operating under the Recipient’s Cabinet Conclusion 16 [2010] 19, 29/04/2010.

(xii) “Operations Manual” means a manual to be adopted by the Recipient and found satisfactory to the World Bank and which shall contain, inter alia: (i) the terms of reference, functions and responsibilities for the personnel of the Project Management Unit; (ii) the procedures for procurement of goods, works, non-consulting services, consultants’ services, Training and Operating Costs, as well as for financial management and audits under the Project; (iii) the indicators to be used in the monitoring and evaluation of the Project; (iv) flow and disbursement arrangements of Project funds; and (v) the Procurement Plan; as said manual may be amended from time to time with the World Bank’s prior written approval.

(xiii) “Pilot Operations Manual” means a manual to be adopted by the Recipient and the Project Implementing Entity and found satisfactory to the World Bank and which shall contain, inter alia: (i) the criteria, detailed rules and procedures for the selection and financing of the Pilots; (ii) the model form for Community Grant Agreements; and (iii) the procurement procedures, financial management and implementation arrangements adopted at the community level.

(xiv) “PCC” means Project Coordination Committee, a committee in charge of overall oversight of the Project, as created and operating under the Recipient’s Decree 18/89 (1989), clause 6.1. The PCC composition is to include representation from the Ministries of Finance and Treasury, Agriculture and Livestock, Provincial Government and Institutional Strengthening, Health and Medical Services, Fisheries and Marine Resources, Women, Youth and Children Affairs, Lands, Housing and Survey, Police, National Security and Correctional Services, Education and Human Resource Development, Infrastructure Development, Environment, Climate Change and Disaster Management (MECDM).

(xv) “Pilot” means a subproject investment that meets the criteria established in the Pilot Operations Manual for the financing of a activity to be implemented by a Community under Component C (i) of the Project; and the term “Pilots” means, collectively, all such investments.
“Project Management Unit” means a unit within the administrative structure of MECDM in charge of the day to day management, procurement, financial management, coordination, monitoring and evaluation of the Project.

“RDP” means the Recipient’s Rural Development Program under the Financing Agreement dated September 24, 2007 between the Recipient and the International Development Association (IDA, Grant Number H332-SOL), and the additional financing under the Grant Agreement dated November 23, 2010 between the Recipient and the International Development Association, acting as trustee of the Food Price Crisis Response Core Multi-donor Trust Fund (Grant No. H615-SB).

Article II
Project Execution

2.C. Project Objectives and Description. The objectives of the Project are to: (i) integrate climate change adaptation and disaster risk reduction across the Recipient’s sectors; (ii) improve climate change adaptation and disaster risk reduction information and communication; and (iii) increase the resilience of rural communities to climate change and natural hazards.

The Project consists of the following parts:

Component A: Coordination between Climate Change Adaptation and Disaster Risk Reduction Institutions

Support the Recipient to organize a series of consultative workshops and related activities with the Recipient’s institutions involved in climate change adaptation and disaster risk reduction (National Disaster Management Office, Climate Change Office, Line Ministries including policymakers, planners, civil society representatives and non-governmental organizations at the national and provincial levels) in order to facilitate the integration of climate and disaster risk reduction in national and provincial policies, planning and operations.

Component B: Information and Communication

Support the Recipient to: (i) create a framework for the establishment of or connection of existing geographic information systems, including data sharing arrangements; (ii) compile, collect and collate relevant geospatial and time-series data for flood risk assessment into a consolidated risk information system, including an inventory of infrastructure assets exposed to floods, and identify structural and non-structural interventions required to improve flood management; (iii) undertake analytical work linking climate change and natural hazard risk assessment with economic/social impact assessment to support project implementation activities; and (iv) carry out procurement and installation of emergency and data communication systems to support disaster preparedness and response.

Component C: Pilot Investments

Support the Recipient to carry out at least thirty Pilots in up to two of the Recipient’s provinces including: (i) Community-led climate change adaptation and disaster risk reduction investments that are informed by the flood risk assessment conducted under Component B of the Project and the participatory planning process of the RDP; these investments may support improved rural water
supply systems, disaster resilient building design and land use planning, promotion of flood tolerant crop varieties and land-use practices, small scale irrigation for improved food security; and (ii) flood protection investments to protect against river and coastal flooding of benefit to multiple communities.

**Component D: Project Management, Monitoring and Evaluation**

Support the Recipient to carry out through the Project Management Unit: (i) effective and efficient Project coordination, procurement, accounting, environmental and social safeguards; and (ii) monitoring and evaluation of the Project on a regular basis, including a review of monitoring and evaluation reporting and conclusions at mid-term and at the end of the Project based on Project outputs, structured interviews with key officials, selected donor partners, contracted firms and individuals, and observation of field teams in operation under the Project.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the MECDM and under the oversight of the Project Coordination Committee in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); (c) the Operations Manual, the Environmental and Social Management Plan and the Pilot Operations Manual; and (d) this Article II.

2.03. **Institutional and Other Arrangements.** (a) The Recipient shall, not later than six (6) months after the Effective Date, establish, and thereafter maintain throughout the period of Project implementation: (i) the Project Coordination Committee to provide overall oversight for the Project with the composition and powers acceptable to the World Bank as further described in the Operations Manual; and (ii) the Project Management Unit within MECDM to administer and coordinate the implementation of the Project, said structure to be endowed with powers, staffing (including a Project coordinator, a procurement officer and a financial management officer) with terms of reference and experience and qualifications acceptable to the World Bank as further set forth in the Operations Manual.

(b) The Recipient shall make grants (Community Grants) for community-led investments (Pilots) under Component C (i) of the Project to Communities in accordance with eligibility criteria and procedures acceptable to the World Bank, as further detailed in the Pilot Operations Manual. The Recipient shall make each Community Grant available under the relevant Community Grant Agreement entered with each respective Community, on terms and conditions approved by the World Bank, which shall include the following:

(i) The Community Grant shall be made to the Community as non reimbursable transfer of financial resources out of Grant proceeds, subject to the proviso of sub-paragraph b (ii) hereunder.

(ii) The Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to: (A) suspend or terminate the right of the Community to use the proceeds of the Community Grant, or obtain a refund of all or any part of the amount of the Community Grant then withdrawn, upon the Community’s failure to perform any of its obligations under the Community Grant Agreement; and (B) require each Community to: carry out its Pilot
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 the Pilot Operations Manual, the Environmental and Social Management Plan and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; provide, promptly as needed, the resources required for the purpose; procure the goods, works and services to be financed out of the Community Grant in accordance with the provisions of this Agreement; maintain procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Pilot and the achievement of its objectives; 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, resources and expenditures related to the Pilot; and at the World Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; enable the Recipient and the World Bank to inspect the Pilot, its operation and any relevant records and documents; and 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.

(c) The Recipient shall exercise its rights under each Community Grant 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 in writing, the Recipient shall not assign, amend, abrogate or waive any Community Grant Agreement or any of its provisions.

(d) The Recipient shall: (i) not later than six (6) months after the Effective Date, adopt the Operations Manual, in form and substance satisfactory to the World Bank; (ii) carry out the Project in accordance with the Operations Manual, the Pilot Operations Manual and the Environmental and Social Management Plan; and iii) not amend the Operations Manual, the Pilot Operations Manual or the Environmental and Social Management Plan without the prior written approval of the World Bank. In case of any conflict between these documents and this Agreement, the term of this Agreement shall prevail.

2.04. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable and take all measures required on its part to enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. 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 the indicators acceptable to the World Bank as set forth in the 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 six (6) months after the Closing Date.

2.06. 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 quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such 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.

2.07. 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 “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods, works and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“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 prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“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.
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 provisions set forth in Schedule 1 to this Agreement; (B) Shopping; and (C) Community Participation procedures which have been found acceptable to the World Bank.

(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.

(ii) 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) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of Individual Consultants; and (F) Single-source procedures for the Selection of Individual Consultants.

(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) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
### 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) Goods, Works, Training, and Consultants’ Services under Components A, B, C (ii) and D of the Project</td>
<td>1,880,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Operating Costs under Components A, B, C (ii) and D of the Project</td>
<td>100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Community Grants under Component C (i) of the Project</td>
<td>750,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>2,730,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this paragraph 3.01, the terms:

(i) “Training” means costs associated with in-country training in relation to the Project, including:

(a) reasonable travel, room, board and per diem expenditures as incurred by trainees in connection with their training and by non-consultant training facilitators;
(b) training facility rentals; and
(c) training material preparation, acquisition, reproduction and distribution expenses, in each case as approved by the World Bank based on annual budgets acceptable to the World Bank; and

(ii) “Operating Costs” means the recurrent operating costs of the Project, not exceeding 10% of the total grant amount, incurred by the Recipient on account of Project implementation, monitoring, evaluation, coordination and supervision, as approved by the World Bank based on annual budgets acceptable to the World Bank, which would not have been incurred but for the Project, including:

(a) operation and maintenance of vehicle, repairs, fuel and spare parts;
(b) equipment and computer maintenance, including hardware and software;
(c) communication costs and shipment costs (whenever these costs are not included in the cost of goods);
(d) office supplies and equipment;
(e) rent for office facilities;
(f) utilities and insurances;
(g) travel and per diem costs for technical staff carrying out training, supervisory, data collection and quality control activities;
(h) bank charges; and
(i) consumables but excluding salaries of the Recipient’s civil servants.

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 countersignature of this Agreement by the Recipient.

(b) under Category (3) for Pilots, unless the World Bank has received the Pilot Operations Manual in form and substance satisfactory to the World Bank.
3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four (4) years after the date of countersignature of this Agreement by the Recipient.

**Article IV**  
**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance and Treasury.

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

    Ministry of Finance and Treasury  
    P.O. Box 26  
    Honiara  
    Solomon Islands

    Facsimile:  
    +677 – 27855

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

    Cable:  
    Telex:  
    Facsimile:

    INTBAFRAD  
    INDEVAS 248423 (MCI) or  
    Washington, D.C. 64145 (MCI)  
    1-202-477-6391
Schedule 1

Additional Provisions 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) of the Financial Instructions (July 2010)* with 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 of January 2011, as required by paragraphs 3.3 and 3.4 of the Guidelines:

(i) 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 Procurement 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.

(ii) Registration shall not be used to assess bidders’ qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering, without any let or hindrance. The registration process shall not be applicable for sub-contractors. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.

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

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

(v) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a pass or fail basis and merits points shall not be used. Such assessment shall only take into account the bidder’s capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction and manufacturing facilities, and financial capacity. The evaluation of the bidder’s qualifications shall be conducted separately from the technical and commercial evaluation of the bid.

(vi) Bidders may submit bids, at their option, either in person or by courier service or by mail. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened. In addition:

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

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

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

(d) 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.

(e) 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.

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

(viii) 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.

(ix) 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.

(x) 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.

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