July 14, 2015

Honorable Patrick Pruaitch, MP  
Minister for Treasury  
Department of Treasury  
4th Floor, Vulupindi Haus  
P.O. Box 542  
Waigani, 131 NCD  
Papua New Guinea

Dear Minister,

Re: Papua New Guinea Productive Partnerships in Agriculture Project  
EU Grant No. TF017577

In response to the request for financial assistance made on behalf of the Independent State of Papua New Guinea ("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 the European Union ("Donor") under the Single Donor Trust Fund for the Papua New Guinea Productive Partnerships in Agriculture Project – Cocoa Component, proposes to extend to the Recipient a grant in an amount not to exceed four million seven hundred twenty-four thousand Euros (EUR4,724,000) ("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 Donor 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.
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 specified by the World Bank in accordance with Section 4.01 of the Annex to this Agreement.

Sincerely,
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Stefanie Stallmeister
Country Manager
Papua New Guinea

AGREED:
INDEPENDENT STATE OF PAPUA NEW GUINEA

By
Authorized Representative
Name
Patrick Pruiter
Title
Minister for Treasury
Date: 04/08/2015

Enclosures:

(2) World Bank Disbursement Guidelines for Projects, dated May 1, 2006
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, in this Agreement, or in the IDA Additional Financing Agreement, and the following additional term has the following meaning:

"IDA Additional Financing Agreement" means the financing agreement between the Recipient and the Association, dated April 10, 2014, pursuant to which the Association provided SDR 19,600,000 to the Recipient to support the Project.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to improve the livelihoods of smallholder cocoa producers supported by the Project. The Project consists of the following parts:

Part 1: Institutional Strengthening and Industry Coordination

(a) Improving the performance of cocoa sub-sector institutions and enhancing industry coordination by building the capacity of the Cocoa Industry Coordination Committee to support dialogue and policy development through, *inter alia*: (i) the carrying out of policy studies on priority topics proposed by the Cocoa Industry Coordination Committee and approved by the Association and aimed to enable the structural changes required in the sectors; and (ii) the provision of training, technical assistance and operational support to such Committee and the Cocoa Board’s staff.

(b) Improving transparency in the cocoa sub-sector and supporting policy development through, *inter alia*: (i) the carrying out of targeted communication campaigns on key policy and farming practices needing changes; (ii) the strengthening of effective information management systems for the Cocoa Board to address the current gaps in the collection, generation and dissemination of technical and market information to stakeholders; and (iii) the provision of related technical assistance, training, data collection, surveys and information dissemination.

(c) Strengthening quality promotion in the cocoa industry and promoting, where appropriate, the adoption of certified sustainability practices through, *inter alia*: (i) retraining of cocoa fermentaries owners, traders and inspectors working with exporters in view of the CPB (cocoa pod borer) impact on cocoa quality; (ii) carrying out of studies on export standards and licensing regulations in response to the impact of the CPB; (iii) a survey of fermentaries status, and improvements in the capacity of the Cocoa Board inspections; (iv) training of trainers to reduce the costs of certification in Papua New Guinea
and other assistance for certification; and (v) the promotion of the PNG’s products origin.

(d) Provision of technical advisory services, operational support and training to support: (i) the Project management and monitoring and evaluation functions of the Cocoa Board Project Management Unit; and (ii) the operations of the Technical Appraisal Committee for Cocoa partnership proposals.

Part 2: Productive Partnerships

(a) Provision of Productive Partnership Grants to Partnerships to support Activities in Cocoa-growing Areas aimed to increase smallholder cocoa productivity, quality, and sustainability; improve cocoa-farming systems; and improve nutrition services in farmer communities; such Activities to include, among other things, training in good farming practices, production of improved planting material, improvement of functional literacy and numeracy, business skills and farm management, building capacity of extension agents and farmer groups and cooperatives, certification systems and post-harvest and processing.

(b) Provision of technical assistance for the preparation of Partnership proposals for financing by the abovementioned Productive Partnership Grants.

Part 3: Market Access Infrastructure

Improving the access to markets for the Partnerships supported by Productive Partnership Grants through:

(a) the identification and selection of the rehabilitation and maintenance needed to feeder roads, access tracks and other transport infrastructure linking farmers to markets; and

(b) carrying out of Priority Investments and training of communities in the maintenance of the Priority Investments.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Cocoa Board Components to be carried out by the Cocoa Board 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”); and (c) this Article II.

2.03. Institutional and Other Arrangements.

A. Department of Agriculture and Livestock

The Recipient shall carry out overall Project coordination and monitoring through DAL.

B. Project Steering Committee

The Recipient shall maintain, throughout the period of Project implementation, the Project Steering Committee with: (1) composition and terms of reference satisfactory to the World Bank and further elaborated in the Project Implementation Manual; and (2) responsibility for providing overall policy guidance and strategic direction for the Project.
C. **Project Coordination Unit**

The Recipient shall, throughout the Project implementation period, maintain the Project Coordination Unit within DAL: (1) comprised of qualified and experienced staff in adequate numbers satisfactory to the World Bank and further elaborated in the Project Implementation Manual; and (2) with responsibility for the monitoring and evaluation of Project with the composition and powers described in the Project Implementation Manual; and

D. **Industry Coordination Committees**

The Recipient shall maintain, throughout Project implementation period, a Cocoa Industry Coordination Committee, with composition and terms of reference satisfactory to the World Bank and further elaborated in the Project Implementation Manual with responsibility for overseeing cocoa matters.

E. **Technical Appraisal Committees**

The Recipient shall, through DAL, cause the Cocoa Board to maintain, throughout the period of Project implementation, its Technical Appraisal Committee with qualified and experienced staff in adequate numbers, with composition and terms of reference satisfactory to the World Bank and as further described in the Project Implementation Manual.

F. **Subsidiary Agreement**

To facilitate the carrying out of the Cocoa Board Components of the Project, the Recipient shall make part of the proceeds of the Grant available to the Cocoa Board under a Subsidiary Agreement between the Recipient and the Cocoa Board, under terms and conditions approved by the World Bank, which shall include:

1. the proceeds of the Grant shall be made available by the Recipient to the Cocoa Board on a non-refundable basis;

2. the Cocoa Board shall undertake to carry out the Project in accordance with the provisions of this Agreement, the Project Implementation Manual, and the Anti-Corruption Guidelines;

3. the Recipient shall have the right to suspend or terminate the right of each Cocoa Board to the use of the proceeds of the Grant made available under the Subsidiary Agreement upon failure by the Cocoa Board to perform its obligations thereunder; and

4. in the event that any portion of the proceeds of the Grant provided to each Cocoa Board is not used for Eligible Expenditures or is otherwise used in breach of this Agreement or the Subsidiary Agreement, the Cocoa Board shall, upon notice from the Recipient or from the World Bank, refund the notified amount to the account provided in such notice.

G. 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 any Subsidiary Agreement or any of their provisions.

H. Project Implementation Manual

1. The Recipient shall ensure that the Project is carried out in accordance with the Project Implementation Manual, and unless otherwise agreed in writing by the World Bank, the Recipient shall not amend or waive any provision of the Project Implementation Manual.

2. In case of any discrepancies between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

I. Safeguards

1. The Recipient shall take all necessary measures required on its part to ensure that the Project is carried out in accordance with the provisions of the Safeguard Instruments.

2. If any Project activities would, pursuant to the ESMF, require the preparation of an ESMP, the Recipient shall ensure that no such activities shall be implemented unless and until such ESMP is prepared in accordance with the ESMF and furnished to the World Bank for review and approval, and is disclosed as required by the ESMF and approved by the World Bank.

3. If any RAP would be required for any Project activities on the basis of the RPF, the Recipient shall ensure that: (a) said RAP has been prepared in accordance with the requirements of the RPF, furnished to the World Bank for approval, and disclosed locally; and (b) no such activities shall commence until: (i) all measures required to be taken under said RAP prior to the initiation of said activities have been taken; (ii) a report, in form and substance satisfactory to the World Bank, on the status of compliance with the requirements of said RAP has been prepared and furnished to the World Bank; and (iii) the World Bank has confirmed that said activities may be commenced.

4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, in accordance with terms of reference satisfactory to the World Bank: (a) monitor the status of compliance with the Safeguard Instruments; and (b) prepare and furnish to the World Bank, as part of each Project Report, a report on the results of such monitoring activities during the period covered by said Project Report, giving details of:

(i) measures taken in furtherance of such Safeguard Instruments;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and

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

5. The Recipient shall afford the World Bank a reasonable opportunity to review the reports prepared under paragraph 4 of this Part 2.03(I), and thereafter shall carry
out with due diligence all remedial measures agreed with the World Bank so as to ensure the proper implementation of the Project in accordance with the Safeguard Instruments.

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 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 set forth in the Project Implementation Manual. Each Project Report shall cover the period of six months, and shall be furnished to the World Bank not later than forty-five days 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 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 days after the end of each calendar quarter, covering the quarter, 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 fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement**

(a) **General.** All goods, works, 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 and works;
(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) Transitional Covenant: Notwithstanding the foregoing, any contracts for goods, works, or consultants’ services to be financed out of the proceeds of the Grant and for which the invitation to bid or the request for expression of interest was issued prior to April 10, 2014, shall be procured in accordance with Section III of Schedule 2 to the Original Financing Agreement.

(d) Particular Methods of Procurement of Goods and Works

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and works 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 and works for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding, subject to the additional procedures set out in the Schedule to this Agreement; (B) Shopping; (C) Community Participation following the procedures described in the Project Implementation Manual.

(e) 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) Community Participation following the procedures described in the Project Implementation Manual.

(f) 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>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in EUR)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services</td>
<td>42,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods and works</td>
<td>77,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training and Incremental Operating Costs</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Productive Partnership Grants</td>
<td>4,605,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>4,724,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. Pursuant to the Loans and Assistance (International Agencies) Act, Chapter No. 132 of the Revised Laws of Papua New Guinea (the “Act”), and by this Agreement and the Project Agreements with the World Bank, the Recipient confirms that any persons, income, matter or thing that is directly engaged in and directly forms part of this Agreement with the World Bank is exempt from any tax, duty, or imposition under the revenue laws administered by the Commissioner General of the Internal Revenue Commission and the Commissioner of the Customs Department. If any change is made to the Act that will affect this exemption from tax, duty, or imposition under the Project, the Recipient shall notify the World Bank in writing.

3.03 **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed EUR944,800 equivalent may be made for payments made prior to this date, but not more than 12 months prior to the date of this Agreement for Eligible Expenditures.

3.04 **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is April 30, 2017.
Article IV
Effectiveness

4.01. This Agreement shall not become effective until the Cocoa Board Subsidiary Agreement has been executed on behalf of the Recipient and the Cocoa Board.

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 Minister for Treasury.

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

Department of Treasury  
Vulupindi Haus 4th floor  
P.O. Box 542  
Waigani, 131 NCD  
Papua New Guinea

Facsimile:

(675) 3128804  
(675) 3128808

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

Cable: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
SCHEDULE

Special Procedures for National Competitive Bidding

The following provisions shall be applied in National Competitive Bidding:

Participation in Bidding

1. The eligibility of bidders shall be as defined under the Procurement Guidelines.

2. Government-owned enterprises in Papua New Guinea shall be eligible to bid only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient or a Project Implementing Entity.

3. A firm declared ineligible by the Association, based on a determination by the Association that the firm has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing an Association-financed contract, shall be ineligible to be awarded an Association-financed contract during the period of time determined by the Association.

4. A firm which has been engaged by the Recipient or a Project Implementing Entity to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods or works resulting from or directly related to the firm’s consulting services for such preparation or implementation. This provision does not apply to the various firms which together are performing the contractor’s obligations under a turnkey or design and build contract.

5. 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 or goods in bid evaluation.

Advertising: Time for Submission of Bids

6. 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, such thirty (30) days to begin with the date of availability of the bid documents or the date of the advertisement, whichever is later.

Bidding Documents

7. Until national standard bidding documents approved by the Association are available, bidding documents approved by the Association shall be used.

Bid Security

8. All bidders should provide bid security if indicated in the bidding documents, in the amount and form so indicated. A bidder’s bid security shall apply only to a specific bid. A bidder shall be permitted to withdraw or modify its bid prior to the bid submission deadline without forfeiting its bid security.
Classification of Contractors: Qualification; Post-qualification

9. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid. Qualification criteria (in case prequalification is not carried out) shall be stated in the bidding documents and shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction or manufacturing facilities, as well as their financial position. Before contract award, the bidder having submitted the lowest evaluated, substantially responsive bid shall be subject to post-qualification.

Registration of Bidders

10. If a registration process is required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable opportunity of registering, without any let or hindrance. Bidders shall not be required to register as a precondition for bidding.

Evaluation Criteria

11. Evaluation criteria shall be clearly specified in bidding documents, and evaluation criteria other than price shall be quantified in monetary terms.

Bid Submission, Opening, and Bid Evaluation

12. Bidders may submit bids, at their option, either in person or by courier service or by mail.

13. Bids shall be opened in public, immediately after the deadline for submission of bids. Bidders’ representatives shall be allowed to attend. The name of the bidder, the total amount of each bid, and any discounts shall be read aloud and recorded in the minutes of the public bid opening. A copy of the minutes of the public bid opening shall be promptly provided to all bidders who submitted bids. With respect to contracts which are subject to the Association’s prior review, the Project Implementing Entity shall promptly provide the Association, a copy of the minutes of the public bid opening. No bid shall be rejected during the public bid opening. Bids received after the bid submission deadline shall be promptly returned unopened to the bidder.

14. The evaluation of bids shall be done in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the qualified bidder which submitted the lowest evaluated, substantially responsive bid.

15. No bid shall be rejected merely on the basis of a comparison with the owner’s estimate or budget ceiling without the Association’s prior written concurrence.

16. The relevant Project Implementing Entity shall publish the following information on contract award on a free and open access website when that website becomes operational, or on another means of publication acceptable to the Association: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated price of each bid that was evaluated; (iv) names of bidders whose bids were rejected and the reasons for the rejection; and (v) name of the winning bidder, price it offered, as well as the duration and summary scope of the contract awarded. This publication shall be updated at least quarterly.
Rejection of Bids

17. Rejection of all bids and re-bidding shall not be carried out without the Association’s prior written concurrence.

Extension of the Validity of Bids

18. In exceptional circumstances, the procuring entity may, before the expiration of bid validity, request all bidders in writing to extend the validity of their bids. In such cases, bidders shall not be requested nor permitted to amend the price or any other condition of their bids. Bidders shall have the right to refuse to grant such an extension without forfeiting their bid securities, but bidders granting such an extension shall be required to provide a corresponding extension of the validity of their bid securities.

No Contract Negotiations

19. There shall be no negotiation of contracts, even with the lowest evaluated bidder, without the Association’s prior concurrence. A bidder shall not be required, as a condition of award of contract, to undertake obligations not specified in the bidding documents, or otherwise to modify its bid as originally submitted.

Suppliers, Contractors and Subcontractors

20. The Association shall declare a firm 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 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.

21. Each contract financed from the proceeds of the Credit shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the 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 supplier, contractor or subcontractor of such provision may amount to obstructive practice.

Conflict of Interest

22. Suppliers and contractors that have a business or family relationship with a senior member of a Project Implementing Entity’s staff may not be awarded a contract, unless the conflict of interest stemming from this relationship has been resolved in a manner satisfactory to the Association throughout the process of evaluation of the bids and the execution of the contract.

Bid Protest Mechanism

23. The relevant Project Implementing Entity shall establish an effective bid protest mechanism related to the procurement process and contract award, acceptable to the Association that allows for bidder protests and the timely handling of such protests. The procedures to receive and handle complaints shall be disclosed in the bidding documents.