

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
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CONFORMED COPY

September 23, 2011

Mr. Sindiso Ngwenya
Secretary General
The Common Market for Eastern
and Southern Africa (COMESA)
Ben Bella Road
P.O. Box 30051
Lusaka, Zambia

Re: Grant No. TF010098
Time Release Studies in Support of COMESA Project

Dear Sir:

In response to the request for financial assistance made on behalf of The Common Market for Eastern and Southern Africa (“COMESA” or the “Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (“World Bank”), acting as administrator of grant funds provided under the Multi-donor Trust Fund for the Trade Facilitation Facility (the “Trust Fund”), proposes to extend to the Recipient a grant in an amount not to exceed eight hundred thousand United States Dollars (U.S.\$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. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank,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 and INTERNATIONAL DEVELOPMENT
ASSOCIATION

By /s/ Yusupha B. Crookes
Director for Regional Integration
Africa Region

AGREED:
COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

By: /s/ Sindiso Ngwenya

Title: Secretary General

Date: October 16, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
- (2) Disbursement Letter of the same date as this Agreement, together with 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 July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement and the term Member Country shall mean each of COMESA’s Selected States.

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.

- a. “Anti-Corruption Guidelines” means 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.
- b. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011.
- c. “Member States” means the states parties signatories to the Common Market for Eastern & Southern Africa (COMESA), namely: The Republic of Burundi; The Federal Islamic Republic of the Comoros; The Democratic Republic of Congo; The Republic of Djibouti; The Republic of Egypt; The State of Eritrea; The Federal Democratic Republic of Ethiopia; The Republic of Kenya; Great Socialist People's Libyan Arab Jamahiriya; The Republic of Madagascar; The Republic of Malawi; The Republic of Mauritius; The Republic of Rwanda; The Republic of Seychelles; The Republic of Sudan; The Kingdom of Swaziland; The Republic of Uganda; The Republic of Zambia; and The Republic of Zimbabwe.
- d. “Selected States” means the Member States selected by the Recipient for the purpose of implementation of the Project and the following non-Member States covered under the COMESA tripartite framework: the United Republic of Tanzania and the Republic of Mozambique. The list of Selected States may be modified subject to written communication with justification by the Recipient and consent of the World Bank prior to the modification. The World Bank’s prior consent may be granted taking into account the justification and circumstances.
- e. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011.
- f. “Standard Conditions” means the “International Development Association Standard Conditions for Credits and Grants”, dated July 31, 2010.
- g. “Time Release Study” or “TRS” means a diagnostic tool based on the TRS Guide (hereafter defined) and designed to identify bottlenecks by measuring the average time taken between the arrival and release of goods and to find possible solutions for improvement in clearance and logistics.

- h. “Training and workshop” means the expenditures other than consultants’ services incurred to finance the reasonable cost of the following items related to the training and workshops to be provided under the Project: (i) transportation, accommodation and per diem of trainers and trainees, (ii) rent of training facilities; and (iii) preparation, acquisition, reproduction, translation and distribution of training materials.
- i. “TRS Guide” means a diagnostic tool adopted by the World Custom Organization to measure the time required for the release of goods and to identify bottlenecks and find possible solutions for improvement in clearance and logistics.
- j. “Work Plan” means a plan prepared by COMESA, which identifies the detailed activities, timeline, stakeholders and responsible parties for the implementation of the Project.

Article II

Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to build the capacity of the Recipient’s secretariat as well as its Member States to enable them to conduct Time Release Studies (TRS) in a standardized manner. The Project consists of the following parts:

Part 1. Development of a regional standardized TRS model based on the Recipient’s needs and requirements.

Part 2. Preparation of specific TRSs for four Selected States based on the COMESA TRS model, including: for each of four Selected States (i) establishment and conduct of a TRS working group; (ii) production of a national Work Plan; and (iii) carrying out of a national workshop aiming at familiarizing stakeholders with the TRS.

Part 3. Carrying out a regional training for experts on data verification, analysis and reporting for the Selected States.

Part 4. Implementation of the TRS for the four Selected States referred to in Part 2 above, including: (i) conducting data collection, verification, analysis and reporting; and (ii) carrying out a national workshop aimed at sharing the recommendations of the TRS report.

Part 5. Carrying out: (i) a regional workshop for the remaining Selected States to share the findings and results of the TRS process; and (ii) a regional training to roll out the Recipient’s TRS methodology.

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 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. **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 Donors' 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, take all measures required on its part to enable the representatives of the Donors to visit any part of each Member Country's territory for purposes related to the Project.

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 the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) adaptation of the COMESA model as a base for the requirements of TRSs in the Recipient's Member States; and

(ii) development of capacity for designing and implementing national TRS processes and analyzing the results through TRS activities in ten (10) COMESA Member States.

(c) 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. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section 2.06 of this Agreement.

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 45 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. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) General. All goods, 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 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 and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding subject to the following modifications to make them acceptable to the bank: (A) Open international tendering shall be the default procurement method. Participation should be open to all interested and qualified bidders without restriction to bidders from COMESA region Selected States; and (B) Application of margin of preference should not be applied COMESA region-wide, but should rather be applied to bidders from a specific participating beneficiary Selected State.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) National Competitive Bidding subject to the following additional provision: application of margin of preference should not be applied under Nation Competitive Bidding; (B) Shopping; (C) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; (D) Direct Contracting; and (E) Procurement from UNOPS.

(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 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 under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of

Individual Consultants; and (G) 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, training and workshops, and consultants' services	800,000	100%
TOTAL AMOUNT	800,000	

3.02. **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 countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed \$160,000 equivalent may be made for payments made prior to this date but on or after February 2, 2011, for Eligible Expenditures under Category (1).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is February 28, 2013.

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 Secretary General.

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

Mr. Sindiso Ngwenya
Secretary General, COMESA
Ben Bella Road
P.O. Box 30051
Lusaka, Zambia

E-mail:
Email: sngwenya@comesa.int

Facsimile:
Fax: 260 211 225107

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391