

**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.(202) 477-1234  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS**CONFORMED COPY**

January 14, 2011

Nancy Zucker Boswell  
President & CEO  
Transparency International - USA  
1023 15th St. NW, Suite 300  
Washington, D.C. 20005  
U.S.A.

Dear Ms. Boswell:

*Re: Governance Partnership Facility: Strengthening Governance at the Project Level  
(TF No. TF097697)*

In response to the request for financial assistance made on behalf of Transparency International -USA. ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by the Governance Partnership Facility, proposes to extend to the Recipient for the benefit of the Republic of Indonesia and the Republic of the Philippines (each, a "Member Country"), a grant in an amount not to exceed three hundred fifty thousand United States Dollars (U.S.\$350,000) ("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. 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.

Very truly yours,  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

/s/ James W. Adams  
Vice President, East Asia and Pacific Region

AGREED:  
TRANSPARENCY INTERNATIONAL USA

By /s/ Nancy Zucker Boswell  
Authorized Representative  
Name: Nancy Zucker Boswell  
Title President and Chief Executive Officer  
Date: January 21, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
- (2) Disbursement Letter dated January 14, 2011, 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”), with the modifications set forth in Section I of the Appendix to this Agreement, 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, with the modifications set forth in Section I of the Appendix to this Agreement, or in this Agreement. For purposes of this Agreement the following terms, whenever used in this Agreement shall have the following meanings:

(a) “Country Specific Resource Guide” means each Resource Guide developed for use in a particular Member Country on procurement monitoring produced by the Recipient and acceptable to the World Bank, in accordance with Section 2.01 of the Annex to this Agreement and the Standard Operating Procedures and “Country Specific Resource Guides” means more than one Country Specific Resource Guide.

(b) “CSPMs” means Civil Society Procurement Monitors, civil society organization members, identified in accordance with and undertaking activities under Section 2.01 of the Annex to this Agreement in accordance with the Standard Operating Procedures.

(c) “Generic Resource Guide” means the Generic Resource Guide on Procurement Monitoring produced by the Recipient and acceptable to the World Bank, in accordance with Section 2.01 of the Annex to this Agreement and the Standard Operating Procedures.

(d) “Monitoring Assistant” means the beta version of the monitoring tool developed under Part 2 and Part 5 of the Project in accordance with the Standard Operating Procedures.

(e) “Panel of Experts” means the panel of experts on procurement monitoring selected by the Recipient and acceptable to the World Bank for the Project in accordance with Section 2.01 of the Annex to this Agreement and the Standard Operating Procedures.

(f) “PMRT” means a beta version of Procurement Monitoring Resource Tool developed under Parts 2, 3, 4, 5 and 6 of the Project in accordance with the Standard Operating Procedures.

(g) “Online Learning Community” means a beta version of a virtual platform to connect, update and provide learning opportunities to CSPMs participating in the Project.

(h) “Standard Operating Procedures” means the Recipient’s standard procedures, dated November 22, 2010, acceptable to the World Bank, giving details of guidelines and

procedures for planning, implementation, supervision and monitoring and evaluation of the Project, in accordance with Section 2.03(b) of the Annex to this Agreement.

## **Article II Project Execution**

2.01. ***Project Objectives and Description.*** The objective of the Project is to improve the technical ability of civil society organizations in selected Member Countries to monitor procurement in public projects. The Project consists of the following parts:

### **Part 1: Inception Mission and Desk Studies**

- (a) Undertake inception missions to the Republic of Indonesia and the Republic of the Philippines to meet with civil society organizations, conduct stakeholder interviews, undertake civil society capacity assessments and develop a first year work plan.
- (b) Undertake desk research on past experiences with procurement monitoring, international best practices, and local anti-corruption environments and access to information laws.

### **Part 2: Drafting the Generic Resource Guide and the Framework for the Monitoring Assistant**

- (a) Draft the Generic Resource Guide; identify a Panel of Experts to vet the Generic Resource Guide.
- (b) Develop the framework for the Monitoring Assistant

### **Part 3: Online Vetting**

- (a) Present the draft Generic Resource Guide to the Panel of Experts online; moderate and analyze comments.
- (b) Revise and finalize the Generic Resource Guide and disseminate in electronic format on the Project website.

### **Part 4: Country-Specific Resource Guide**

- (a) Based on the results of Parts 1, 2 and 3 of the Project, adapt the Generic Resource into Country-Specific Resource Guides, as appropriate.
- (b) Present one or two Country-Specific Resource Guide in draft form to civil society organizations in the respective country using remote communication technology.
- (c) Revise and finalize one or two Country-Specific Resource Guide and disseminate in electronic format.

### **Part 5: Development of the Online Monitoring Assistant, Learning Community, and Training Materials**

Design and develop the online beta version of the Monitoring Assistant and the beta version the Online Learning Community and prepare related training materials based on case studies and best-practices.

### **Part 6: In-Country Training and Final Report**

- (a) Conduct on-site training in one or two countries, as appropriate for CSPMs, focusing on the contents and application of each Country-Specific Resource Guide as well as the functions of the Online Learning Community and the Monitoring Assistant.
- (b) Produce a final report, which will encompass all findings, as well as the results of the training described in Part 6(a) of 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 in accordance with the provisions of: (a) except as set forth in Section 2.04, 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 (“Anti-Corruption Guidelines”), with the modifications set forth in Section II of the Appendix to this Agreement; and (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** (a) The Recipient shall be responsible for implementation of the Project and shall establish and thereafter maintain until completion of the Project, a dedicated project staff unit, with staffing and terms of reference acceptable to the World Bank.

(b) The Recipient shall implement the Project in accordance with the Standard Operating Procedures which shall include procedures for: (i) producing the resource guide(s), including a production time-line; (ii) identifying the panel of experts; (iii) establishing the website; (iv) selecting civil society with whom to conduct the training; and (v) the procedures for meeting the procurement and reporting requirements set out in Sections 2.05 and 2.06 of this Annex. The Recipient shall not amend the standard operating procedures except with the written agreement of the World Bank.

(c) The Recipient shall notify the World Bank’s country office in each Member Country prior to the implementation of the inception mission under Part 1 of the Project.

(d) (i) The Recipient shall have the right to secure copyright registration and protection worldwide in such works developed under the Project and in any arrangements, adaptations, translations, or other versions thereof and in any works derived therefrom. The Recipient hereby shares with the Governance Partnership Facility and the World Bank the rights to reproduce, distribute, prepare derivative works of and otherwise modify, perform, or display any works prepared or created by the Recipient in connection with the Project worldwide for any and all purposes and in all languages, forms and media now known or hereafter developed. The Recipient shall promptly grant permission to third parties upon request for the reproduction and dissemination of its works to Member Countries and public interests groups that are in line with the purposes for which this Grant was made and are not for commercial purposes. The Recipient shall not exercise the above-mentioned copyright for commercial purposes. The Recipient may seek additional funding from other sources after the Project is completed, in order to enhance and modify the works developed under the Project.

(ii) The Recipient may brand such works under Recipient’s trade name and the Recipient shall credit the Governance Partnership Facility (GPF) administered by the World Bank for funding the development of the Project in any works prepared or created by Recipient in connection with the Project.

(iii) The Recipient shall use the following standard disclaimer in any works prepared or created by the Recipient in connection with the Project:

*"Preparation of this [work] is funded by the Governance Partnership Facility (GPF) administered by the World Bank. The findings, interpretations, and conclusions expressed in this [work] are that of the author and do not necessarily reflect the views of the World Bank or the donors to the GPF. The World Bank does not guarantee the accuracy of the data included in this work."*

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 Governance Partnership Facility support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall take all measures required on its part to enable the representatives of the Donor(s) to visit any part of each Member Country's territory for purposes related to the Project. This condition shall be satisfied if the Recipient uses its best efforts to enable such visit which may include writing a letter of request to the Member Country authorities.

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 target indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester (six months) 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) Develop a generic resource guide; one or two country specific resource guides; a beta version of the monitoring assistant; and a platform for a learning community.

(ii) Train at least one civil society organization on the use of the tool and website.

(iii) Coordinate with at least one civil society organization to apply the tool, either as part of a case study or in connection with an in-country procurement.

(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 three 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 one month after each June and December, covering the six months period, in form and substance satisfactory to the World Bank; provided that the first unaudited financial report shall be due July 31, 2011 covering the period from the commencement of the project through June 30, 2011.

(c) The Recipient shall have its 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 fiscal year of the Recipient. The Recipient shall ensure that 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 and services other than 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 under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Procurement Guidelines"), in the case of goods and services other than consultants' services; and

(ii) Sections I and IV of The "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section 2.07, 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 1.16 of the Procurement Guidelines and paragraph 1.24 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 the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Services Other than Consultants' Services.

(i) Goods and services other than consultants' services shall be procured under contracts awarded on the basis of: Shopping.

(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) Selection based on Consultants' Qualifications; (B) Single-source Selection; (C) Selection of Individual Consultants; and (D) Sole 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:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, services, training and workshops and incremental operating costs under Parts 1, 2 and 3 of the Project*	176,000	100%
(2) Goods, services, training and workshops and incremental operating costs under Parts 4, 5 and 6 of the Project*	174,000	100%
<b>TOTAL AMOUNT</b>	<b>350,000</b>	

\*For the purpose of this paragraph:

(i) "training and workshops" means training and workshops conducted in the territory of the Member Country, including purchase of supplies and materials and publication of materials, rental of facilities and equipment, course fees, and travel, board and lodging costs of attendees; and

(ii) "incremental operating costs" means the costs of reasonable expenditures directly attributable to the Project and incurred by the Recipient on account of dedicated Project Staff Member time, office lease, telecommunications, office equipment and supplies, insurance, printing,

photocopying, utilities, travel and other travel-related expenditures, vehicle and operation costs, supplies and materials, courier/express postage, bank fees, in each case which would not have been incurred but for the Project.

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; or

(b) under Category 2 in the Table set out in Section 3.01 of this Annex until the Recipient has submitted a final Generic Resource Guide and at least one final Country Specific Resource Guide, in each case satisfactory to the World Bank.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is April 30, 2012.

## **Article V Recipient's Representative; Addresses**

6.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Recipient's President & CEO.

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

Transparency International, USA  
1023 15th St. NW, Suite 300  
Washington, D.C. 20005  
U.S.A.  
Facsimile: +1 (202) 589-1512  
Telephone: +1 (202) 589-1616

6.03. **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

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

**APPENDIX**  
**Modifications to the Standard Conditions and the Anti-Corruption Guidelines**

**Section I.** The Standard Conditions are modified as follows:

The reference to “Member Country” in paragraph 17 of the Appendix to the Standard Conditions and in this Agreement means each member of the World Bank in whose territory the Project is carried out or any of such member’s political or administrative subdivisions. If the Project is carried out in the territory of more than one member of the World Bank, “Member Country” refers separately to each such member.

**Section II.** The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or 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.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings 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 Borrower or the individual or 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.”

Footnotes:

- “13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
- “14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”
- “15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”