

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

CONFORMED COPY

December 16, 2010

Project ID: P122475

Project ID: P121015

Hon. Syda N. M. Bbumba
Minister of Finance, Planning and Economic Development
Ministry of Finance, Planning and Economic Development
P.O. Box 8147
Kampala
Uganda

Dear Hon. Bbumba:

**Re: Cities Alliance – Transforming Settlements of the Urban Poor in Uganda:
A Secondary Cities Support Programme (TSUPU)
Trust Fund Grant Nos. TF097675 and TF096260**

1. I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, “World Bank”), acting as administrator of grant funds provided under the Cities Alliance Land, Services and Citizenship Trust Fund and the Cities Alliance Multi-Donor Trust Fund, proposes to extend to the Ministry of Finance, Planning and Economic Development of Uganda (“Recipient”) a grant in an amount not to exceed Two Million Two Hundred Ninety Seven Thousand United States Dollars (US\$2,297,000) (“Grant”) on the terms and conditions set forth or referred to in this Letter Agreement and Annex to 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 funds (TF097675-US\$1,847,000 and TF096260-US\$450,000) 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.

2. The Grant is made in response to the Recipient’s proposal submitted to the Cities Alliance (CA) Secretariat as an application for funding for the Project (the “Project Proposal”). The Project Proposal was approved by the Cities Alliance on May 19, 2010.

3. 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.

4. 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 through the CA Secretariat. 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, through the CA Secretariat, has not received the countersigned copy of this Agreement within ninety (90) calendar days after the date of signature of this Letter 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 _____
John Murray McIntire
Country Director for Tanzania, Uganda and Burundi
Africa Region

CONFIRMED AND AGREED:

MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT OF
UGANDA

By _____ /s/ Syda N.M. Bbumba

Name: Hon. Syda N. M. Bbumba
Title: Minister of Finance, Planning and Economic Development

Date: 24th January, 2011

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010.

(2) Disbursement Letter of even date 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 II 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 or in this Agreement.

Article II

Project Execution

2.01. Project Objectives and Description.

The overall objective of the Project is to create inclusive cities without slums in order to maximize the potential of urbanization by proactively managing urban growth.

The activities for which the Grant will be used are as follows:

- Establishing the institutional framework and responsibilities for Project implementation. Establishing and formalizing municipal-wide development forums to exchange views, debate priorities and agree on common actions.
- Establishing participatory action research of issues affecting access to land and increased security tenure of the urban poor.
- Establishing community upgrading funds in each participating municipality.
- Supporting identified improvements in municipal management and planning systems.
- Establishing and facilitating the National Urban Development Forum.
- Commissioning action research into defined urban problems identified at the National Urban Development Forum.
- Supporting the integration of Makerere University into the broader urban development agenda through i) internships and ii) public lectures.
- Establishing a steering committee to coordinate the development and implementation of the national urban policy and the strategic urban development plan. Develop an education, information and communication strategy for the participating stakeholders in the urban sector.

- Collecting and analyzing data to establish baseline information on the urban sector in Uganda.
- Preparing a detailed situation analysis report with recommendations to influence policy direction with regard to urban development and management in Uganda.
- Compiling the urban indicators for monitoring progress in the sector.
- Developing a national database of key urban indicators.
- Organizing regional workshops on urban development.
- Organizing a national conference on urban development.
- Formulating a national urban policy.
- Preparing a strategic plan on urban development.
- Launching a national campaign on urban development.

2.02. Project Execution Generally.

- (a) The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its: (i) Ministry of Finance, Planning and Economic Development (MoFPED), (ii) Ministry of Lands, Housing and Urban Development (MoLHUD), and (iii) Ministry of Local Government (MoLG), all 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 (“Anti-Corruption Guidelines”), with the modifications set forth in Section II of the appendix to this Agreement; and (c) this Article II.
- (b) In order to ensure proper implementation of the Project, the Recipient shall ensure that at all times throughout Project implementation, MoFPED, MoLHUD and MoLG shall be staffed by qualified and experienced personnel in adequate numbers to implement the Project

2.03. Institutional and Other Arrangements.

- (a) Subproject Grants
 - (i) The Recipient shall make Subproject Grants to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the World Bank and contained in the Project Implementation Manual.
 - (ii) The Recipient shall make each Subproject Grant under a Sub-financing Agreement with the respective Beneficiary on terms and conditions approved by the World Bank, which shall include the following:
 - (a) The Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-financing, or obtain a refund of all or any part of the amount of the Sub-financing then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Sub-financing Agreement; and (ii)

require each Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-financing in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Sub-project and the achievement of its objectives; (E) (1) 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 Sub-project; and (2) 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; (F) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and (G) 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.

(iii). The Recipient shall exercise its rights under each Sub-financing Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Financing. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-financing Agreement or any of its provisions.

(b) Environmental and Social Management Framework [ESMF]

The Recipient shall:

(i) implement, and cause to be implemented, the Environmental and Social Management Framework [ESMF] in a manner satisfactory to the World Bank and designed to ensure that the Project is implemented in accordance with sound environmental practices and standards;

(ii) as may be necessary in accordance with the requirements set forth in said Framework and in a manner satisfactory to the World Bank, carry out, and cause to be carried out, environmental assessments and prepare and implement, and cause to be prepared and implemented, environmental management plans acceptable to the World Bank;

(iii) cause participating municipalities to: (i) carry out an environmental screening and, if necessary on the basis of such screening, carry out a full environmental impact assessment, in accordance with the guidelines of the Environmental Management Framework; and thereafter: (ii) incorporate and carry out adequate mitigation measures into the Project.

(iv) provide to the World Bank for its prior approval any revision proposed to be introduced into said Framework or into any environmental management plan prepared pursuant to said Framework in order to achieve its objectives, and thereafter only introduce such revision into said Framework or said plan as shall have been agreed with the World Bank; and

(v) maintain, policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the World Bank, the implementation of said Framework and Environmental Management Plans, and the achievement of their respective objectives.

(c) Resettlement Policy Framework [RPF]

The Recipient shall:

(i) implement, and cause to be implemented, the Resettlement Policy Framework [RPF], in a manner satisfactory to the World Bank;

(ii) wherever implementation of the Project or any part thereof, would give rise to Displaced Persons, prior to commencing such implementation, provide to the World Bank for its review a resettlement action plan prepared in accordance with the principles and procedures set forth in said Framework and, thereafter, implement and cause to be implemented, in a manner satisfactory to the World Bank, such resettlement action plan as shall have been approved by the World Bank;

(iii) provide to the World Bank for its prior approval any revision proposed to be introduced into said Framework or into any resettlement plan prepared pursuant to said Framework in order to achieve its objectives, and thereafter only introduce such revision into said Framework or said plan as shall have been agreed with the World Bank; and

(iv) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the World Bank, the implementation of said Framework and any resettlement plan prepared pursuant thereto, and the achievement of their respective objectives.

(d) Within 90 days after effectiveness of this Agreement, a co-governance agreement between the three Ministries (MoFPED, MoLHUD, and MoLG), in a form and substance satisfactory to the World Bank, shall be duly authorized, executed or ratified by the Recipient and its Ministries and shall be legally binding upon the Recipient and its Ministries in accordance with its terms.

(e) Within 90 days after effectiveness of this Agreement, The Recipient, through its three Ministries (MoFPED, MoLHUD, and MoLG), shall adopt a Project Implementation Manual in form and substance satisfactory to the World Bank, containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) budgeting, disbursement and financial management; (iii) procurement including procedures for community participation in procurement; (iv) environmental and social safeguard guidelines; (v) monitoring, evaluation, reporting and communication; and (vi) such other

administrative, financial, technical and organizational arrangements required for the Project, as the said Implementation Manual may be amended and/or supplemented from time to time with the prior written concurrence of the World Bank.

2.04. Project Monitoring, Reporting and Evaluation.

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators (i.e., activities, results and deliverables) agreed with the World Bank, through the CA Secretariat. Each Progress Report shall cover the period of one calendar semester and clearly specify the activities, results, and deliverables achieved for such period, and shall be furnished to the World Bank, through the CA Secretariat, not later than forty-five (45) calendar 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 six months prior to the Closing Date referred to in paragraph 3.02.

(c) The Recipient shall furnish to the World Bank, through the CA Secretariat, a copy of all deliverables produced using the Project. If the deliverable is a conference or workshop, the Recipient shall provide the World Bank, through the CA Secretariat with an agenda of the event and any reports or papers resulting from the event on a timely basis as agreed with the World Bank, through the CA Secretariat. The World Bank, through the CA Secretariat, may make these deliverables available to Cities Alliance members. The Cities Alliance shall be clearly identified as a sponsor on all Project deliverables.

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, through CA Secretariat, not later than forty-five (45) calendar 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 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, through the CA Secretariat, not later than three (3) months after the end of such period.

2.06. Procurement.

(a) General. All goods and 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

(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, 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

1) **International Competitive Bidding**. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding. The provisions of paragraph 2.55 and 2.56 of the Procurement Guidelines providing for domestic preference in the evaluation of bids, shall apply to works to be carried out by domestic contractors.

2) **Other Methods of Procurement of Goods and Works**. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<u>Procurement Method</u>
(a) National Competitive Bidding*
(b) Shopping
(c) Direct Contracting
(d) Community Participation as set-forth in the Procurement Plan

* National Competitive Bidding shall be undertaken in accordance with the Recipient’s Public Procurement and Disposal of Assets Act (no. 1 of 2003) and its Public Procurement and Disposal of Public Assets Regulations, no. 70 of 2003 (herein referred to as the “Regulations”), as may be amended from time to time, subject, however, to the following qualifications:

- (i) The Recipient’s practice for negotiations with the lowest evaluated responsive bidder shall not be used.
- (ii) Charging of fees for dealing with bidder complaints at the Implementing Entity level shall not be allowed.

- (iii) Direct Contracting shall not be used as a default procurement method for contracts estimated to cost US\$1,000 or less.
- (iv) Use of merit points for evaluation of bids shall not be allowed.
- (vi) The local government’s procurement regulations on community purchase, which require procurement to be carried out by the lowest administrative local government unit, shall not apply.
- (vii) Bidding documents shall be amended to provide that the bidders, suppliers, contractors, and sub-contractors shall permit the World Bank at its request to inspect their accounts and records relating to the bid submission and performance of the contract, and to have the said accounts and records audited by auditors appointed by 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) Other Methods of Procurement of Consultants’ Services. The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Quality Based Selection
(b) Selection under a Fixed Budget
(a) Least Cost Selection
(d) Selection Based on Consultants’ Qualifications
(e) Single-source Selection
(f) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultant Guidelines 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 Article, 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:

TF097675

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Goods, Consultant Services, Training, Workshops and Seminars	\$716,300	100%
Community Upgrading Funds (Sub-project grants)	\$1,080,000	100%
Operating Costs	\$50,700	100%
<i>TOTAL AMOUNT</i>	\$1,847,000	

TF096260

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Consultant Services, Training, Workshops, Seminars, and Audit	\$410,000	100%
Operating Costs	\$40,000	100%
<i>TOTAL AMOUNT</i>	\$450,000	

For the purpose of this Section:

- the term “Training, Workshops, and Seminars” means the costs associated with training, workshops, and seminars carried out under the Project, including travel and subsistence costs for participants, fee and travel costs for speakers and trainers, rental of facilities, preparation and reproduction of materials, and other costs directly related to training and workshop preparation and implementation;
- the term “Operating Costs” means the incremental costs directly related to the implementation, management and monitoring of the Project (which expenditure would not have been incurred absent the Project), consisting of expenditure for maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, advertising expenses, travel per diems, and accommodation, but excluding salaries of the Recipient’s civil servants.

3.02. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2012.

Article IV
Recipient's Representative; Addresses

Recipient's Representative. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance, Planning and Economic Development of Uganda.

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

Ministry of Lands, Housing and Urban Development of Uganda
P.O. Box 7096
Kampala
Uganda

Attention: Mr. Samuel Mabala
Ag. Commissioner for Urban Development

Telephone: +256-414-345079
E-mail: samabala@yahoo.com
Facsimile: +256-414-230891

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

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: William John Cobbett
Program Manager
Cities Alliance Secretariat
Mail Stop: MC4-413
Finance, Economics, and Urban Department

Telephone: 1-202-473-8129
E-mail: ca-projects@citiesalliance.org
Facsimile: 1-202-477-6391

APPENDIX

Section I. Definitions

1. “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 with the modifications set forth in Section II of this Appendix.
2. “Beneficiary” means a public institution, or a non-governmental organization, or a private institution, established and operating under the laws of the Recipient, which has met the eligibility criteria specified in the Project Implementation Manual and CUF Operational Manual (hereinafter defined) and, as a result, has been extended, or is to be extended, a Sub-project Grant (hereinafter defined) for the carrying out of a Subproject pursuant to a Sub-financing Agreement.
3. “Community Upgrading Funds [CUFs]” means the individual funds to be established using a portion of the proceeds of the Grant allocated from time to time for this purpose, in each participating municipality to enable settlement-based community organizations to access Subproject Grants to finance initiatives that meet certain clearly defined criteria in the CUF Operational Manual.
4. “Project Implementation Manual” means the implementation manual, in form and substance satisfactory to the Association, containing or referring to detailed arrangements and procedures for the implementation of the Project, including: (i) institutional coordination and day-to-day execution of activities; (ii) CUF Operational Manual with Subproject eligibility criteria and approval, disbursement, administration and monitoring and evaluation arrangements for Subprojects, together with sample Sub-financing Agreement formats; (iii) monitoring, evaluation, reporting, information, education and communication; and (iv) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
5. “Sub-financing Agreement” means an agreement to finance a Subproject to be entered into between a Beneficiary and the Recipient or its: (i) Ministry of Finance, Planning and Economic Development (MoFPED), (ii) Ministry of Lands, Housing and Urban Development (MoLHUD), and (iii) Ministry of Local Government (MoLG), as the same may be amended from time to time, and such term includes all schedules to the Sub-financing Agreement.
6. “Subproject” means an activity supported by the Community Upgrading Funds [CUFs] that meets clearly defined criteria in the CUF Operational Manual.
7. “Subproject Grant” means a grant made or proposed to be made out of the Community Upgrading Funds to a Beneficiary for the purpose of financing an approved Subproject.

Section II. Modifications to the Standard Conditions and the Anti-Corruption Guidelines

The Standard Conditions are modified as follows:

1. The provisions of Section 2.06 (b) (ii) are deleted in their entirety and replaced by the following:

“(ii) ensure the preparation and delivery to the World Bank, not later than the date specified for that purpose in the Letter Agreement, of one or more completion reports (“Completion Report”) of such scope and in such detail as the World Bank shall reasonably request, on the execution of the Project, the performance by the Recipient and the World Bank of their respective obligations under the Letter Agreement and the accomplishment of the purposes of the Grant.”

2. The provisions of Section 4.02 (j) of the Standard Conditions are modified to read as follows:

... (j) *Ineligibility*. IBRD or IDA has declared the Recipient (other than the Member Country) ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of: (i) a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Recipient is 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 Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

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.”