

**OFFICIAL
DOCUMENTS**

PH-PTF GRANT NUMBER TF017736-PH

**Australia World Bank
Philippines Development
Trust Fund
Grant Agreement**

(Studies for Sustainable Flood Management Project)

between

REPUBLIC OF THE PHILIPPINES

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION**

**acting as administrator of Australia World Bank Philippines
Development Trust Fund**

Dated

FEB 02, 2015

PH-PTF GRANT NUMBER TF017736-PH

**AUSTRALIA WORLD BANK PHILIPPINES
DEVELOPMENT TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated, 2015, entered into between: REPUBLIC OF THE PHILIPPINES (“Recipient”); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Australia World Bank Philippines Development Trust Fund.

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. 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. 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) “DPWH” means the Recipient’s Department of Public Works and Highways, and any successor or successors thereto;
 - (b) “High-Level Steering Committee” means the steering committee established by DPWH Special Order No. 63, dated March 21, 2011, for the overall management and coordination of the Recipient’s master plan for flood management in Manila, and referred to in Section I.A.1 (b) of Schedule 2 to this Agreement.
 - (c) “Panel of Experts On Dam Safety” means the independent panel of experts to be established pursuant to Section I.A.2 (a) of Schedule 2 to this Agreement.
 - (d) “PMO” means the Project management office within DPWH, to be maintained by the Recipient pursuant to Section I.A.1 (a) of Schedule 2 to this Agreement to manage day-to-day implementation of the Project.

(e) "Resettlement Panel" means the independent panel of experts to be established pursuant to Section I.A.2 (b) of Schedule 2 to this Agreement.

(f) "Technical Steering Committee" means the technical committee established by DPWH Special Order No. 63, dated March 21, 2011, for the overall technical management and coordination of the Recipient's master plan for flood management in Manila, and referred to in Section I.A.1 (b) of Schedule 2 to this Agreement.

Article II The Project

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through the DPWH in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III The Grant

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to seven million United States Dollars (\$7,000,000) ("Grant") to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, 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.

Article IV
Recipient's Representative; Addresses

4.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Secretary of Finance.

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

Department of Finance
Department of Finance Building
Bangko Sentral Complex
Roxas Blvd.
Manila, Philippines

Facsimile:
(63-2) 523-9216

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

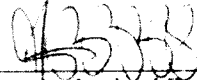
International Bank for Reconstruction and Development/International
Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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

AGREED at Manila, Republic of the Philippines, as of the day and year first above written.

REPUBLIC OF THE PHILIPPINES

By



Authorized Representative

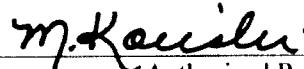
Name: Cesar V. Purisima

Title: Secretary of Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT
ASSOCIATION

acting as administrator of the Australia World Bank Philippines
Development Trust Fund

By



Authorized Representative

Name: _____

Title: _____

SCHEDULE 1

Project Description

The objective of the Project is to prepare priority projects that aim to improve flood management and resilience in the greater metro Manila area.

The Project consists of the following parts:

Part A: Preparation of Feasibility and Design Studies for Priority Flood Management Infrastructure

1. Preparation of feasibility and design studies, including preparation of environmental and social safeguard instruments, for a high dam in the upper Marikina River catchment area; and

2. Preparation of feasibility and design studies, including the preparation of environmental and social safeguard instruments, for flood plain developments along the shore of Laguna de Bay.

Part B: Project Management and Administration

Strengthening the capacity of the DPWH to manage, monitor and evaluate implementation of the Project.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. The Recipient shall:
 - (a) maintain the PMO, throughout the period of Project implementation, with functions and resources satisfactory to the World Bank, and with competent staff in adequate numbers, for the purposes of carrying out day-to-day implementation of the Project, and for ensuring close cooperation with other relevant government agencies.
 - (b) maintain, throughout the period of Project implementation, a High-Level Steering Committee and a Technical Level Steering Committee, in order to provide overall management and coordination for the Project.
2. For the purpose of Part A of the Project, the Recipient shall:
 - (a) establish and maintain during the period of implementation of the Project an independent Panel of Experts On Dam Safety, with a composition satisfactory to the World Bank, responsible for advising the Recipient on matters relative to dam safety and other critical aspects of the dam referred to in Part A.1 of Schedule 1 to this Agreement, its appurtenant structures, the catchment area, the area surrounding the reservoir and the downstream area, all in accordance with terms of reference satisfactory to the World Bank; and
 - (b) establish and maintain during the period of implementation of the Project a Resettlement Panel, with a composition satisfactory to the World Bank, responsible for providing strategic guidance on resettlement and rehousing issues relevant to the Project, in accordance with terms of reference satisfactory to the World Bank.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines").

C. Donor Visibility and Visit

1. 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.
2. 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 Donor to visit any part of the Recipient's territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. 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 acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.
2. 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.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project 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 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.

Section III. Procurement

A. General

1. **Procurement and Consultant Guidelines.** 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:
 - (a) 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, and 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
 - (b) the provisions of this Section III, 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").
2. **Definitions.** The capitalized terms used below in 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.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, and Non-consulting Services.** 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 additional provisions set out in Attachment 1 to this Schedule; (c) Shopping; and (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection based on Consultants' Qualifications; (c) Single-source Selection of consulting firms; (d) (e) Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

D. 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.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of 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 table in paragraph 2 below.

2. The following 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, consultants' services and Operating Costs under the Project	7,000,000	100%
TOTAL AMOUNT	7,000,000	

For the purposes of this table, the term "Operating Costs" means the reasonable and documented expenditures incurred by Recipient on account of Project implementation, monitoring and evaluation, which expenditures would not have been incurred absent the Project, including costs for office supplies, repairs of equipment and vehicles, staff travel, rental of office space, fuel costs, and costs of contractual staff, but excluding the salaries of the Recipient's civil servants.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2015.

ATTACHMENT 1 TO SCHEDULE 2

Additional National Competitive Bidding Provisions

1. Eligibility screening shall not be applied. However, bids that do not contain any of the following documents will not pass the documentary compliance check: (a) evidence of the required financial, technical or production capability; (b) audited financial statements; (c) credit line or cash deposit certificate; (d) bid security; and (e) authority of the bid signatory.
2. A ceiling may be applied to bid prices provided the following conditions are met: (a) bidding documents are obtainable free of charge on a freely accessible website; (b) the agency has procedures in place to ensure that the Approved Budget for Contract (ABC) is based on Engineer's Estimate; (c) the agency has trained cost estimators on estimating prices and analyzing bid variance; and (d) the agency has established a system to monitor and report bid prices relative to ABC and Engineer's Estimate.
3. Domestic or regional preferences will not be applied in the evaluation of bids, and other preference in effect in the Recipient will not be used except with prior concurrence of the World Bank.
4. Foreign suppliers and contractors shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture, with local firms. Moreover, foreign bidders shall be allowed to bid, even without registration, licensing, and other government authorizations, leaving these requirements for after award and before signing of contract.
5. Alternative procurement methods defined in the implementing rules and regulations, such as Limited Source Bidding, Direct Contracting and Shopping, as acceptable. The use of the other alternative methods will require prior World Bank concurrence.