

**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.  
Washington, D.C. 20433  
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Cable Address: INTBAFRAD  
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November 25, 2011

H.E. Mohamed Safadi  
Minister of Finance  
Ministry of Finance  
Riad El-Solh Square  
Beirut  
Lebanese Republic

**Re: SPF Grant No.TF010404  
National Volunteer Service Program (NVSP) Project**

Excellency:

In response to the request for financial assistance made on behalf of the Lebanese Republic (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank” or “Bank”), acting as administrator of grant funds provided by the State and Peace-Building Fund (SPF), proposes to extend to the Recipient a grant in an amount not to exceed two million United States Dollars (U.S.\$2,000,000) (“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 of the World Bank of this countersigned copy, this Agreement

shall become effective as of the date specified by the World Bank in accordance with Section 4.01 of the Annex to this Agreement.

Very truly yours,

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By: /s/ Hedi Larbi  
Director  
Middle East Department  
Middle East and North Africa Region

AGREED:

**LEBANESE REPUBLIC**

By: /s/ Wael Abou Faour  
Authorized Representative  
Name: Wael Abou Faour  
Title: Minister of Social Affairs  
Date: November 25, 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.

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.

- (i) “Beneficiary” means an NGO, school or university eligible to receive a Small Grant in accordance with the grant allocation mechanism, eligibility and selection criteria set forth in the OP and Small Grants Manual;
- (ii) “MOSA” means the Recipient’s Ministry of Social Affairs, or any successor thereto;
- (iii) “NPCV” means the MOSA’s National Permanent Committee on Volunteerism, established by the Recipient under Decree No. 41 dated March 7, 2002, or any successor thereto;
- (iv) “NVSPEP” means the MOSA’s National Volunteer Service Program Emanating Project, established by the Recipient under Decree No. 1733/1 dated December 15, 2010;
- (v) “Operating Manual” or “OM” means the operating manual adopted by the Recipient, setting forth operational and administrative procedures to be followed by the Recipient in relation to the implementation of the Project;
- (vi) “Small Grant Agreement” means an agreement to be entered into between MOSA and a Beneficiary in relation to a Small Grant.
- (vii) “Small Grant Manual” means a project manual developed for the implementation and supervision of Small Grants, including, inter alia, the screening, eligibility and selection criteria for recipients of Small Grants, guidelines and procedures for disbursing and supervising Small Grants, and a template of the Small Grant Agreement, as the same may be amended from time to time, agreed to by the World Bank;
- (viii) “Small Grants” means a Grant for a sub-project provided under Part B of the Project, each selected, appraised and approved according to criteria acceptable to the World Bank and set forth in the OM and in the Small Grants Manual.

## **Article II Project Execution**

2.01. ***Project Objectives and Description.*** The objectives of the Project are to increase youth civic engagement to contribute to improved social cohesion across communities and regions by: (i) expanding youth volunteerism, particularly in communities other than the communities from which the volunteers come; and (ii) improving the employability of youth through enhanced skills. The Project consists of the following parts:

### Part A: Institution Building and Capacity Development for Volunteer Civic Engagement

1. Strengthening the capacity of NPCV and NVSEP by providing support for bringing NVSPEP into operation, and supporting NVSPEP in the development of:
  - (a) a three-year national action plan for volunteerism, setting forth priorities for volunteerism in the Lebanese Republic and the process for the achievement of such priorities;
  - (b) criteria for the (i) selection of qualified NGOs and universities for training activities, (ii) accreditation of NGOs and universities in volunteerism, and (iii) certification of volunteers; and
  - (c) a national awareness campaign on the benefits of volunteering.
2. Providing support to NPCV and NVSEP for Project management and overall coordination of the Project.
3. Providing training and capacity building for selected administrative officials and staff in NGOs, universities, MOSA and for youth leaders.
4. Supporting the development of an on-line portal for volunteer opportunities and volunteers.

### Part B: Small Grants, Youth Summer Camps and Weekend Volunteering Programs for Expanding Volunteer Opportunities and Building Employability Skills

1. Provision of Small Grants to Beneficiaries to expand volunteering opportunities, contribute to national cohesion and build employability skills of youth;
2. Support to MOSA for improvements of its youth summer camps;
3. Support to MOSA for expansion of its weekend volunteering programs.

### Part C: Monitoring and Evaluation of Volunteer Civic Engagement

Support for monitoring and evaluation of volunteer civic engagement by planning and conducting the baseline survey, planning and developing the monitoring and evaluation system, and implementing the monitoring and evaluation system.

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 through the MOSA's NPCV and NVSPEP 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"); (c) this Article II; and (d) the OM.

2.03. ***Institutional and Other Arrangements.*** The Recipient shall:

- (a) carry out the Project through MOSA's NPCV and NVSPEP, in accordance with the procedures and procedures contained in the OM and the Small Grants Manual, and shall not amend, suspend, abrogate, repeal, or waive any provision of the OM or the Small Grants Manual without prior approval of the World Bank; and
- (b) maintain, throughout the life of the Project, NPCV and NVSPEP in a form and with functions, staffing, resources, terms of reference and qualifications satisfactory to the World Bank.

2.04. ***Small Grants*** (a) The Recipient shall, through NVSPEP, screen, evaluate and make Small Grants to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the World Bank and set forth in the OM and Small Grant Manual.

- (b) The Recipient shall, through MOSA, make each Small Grant under a Small Grant Agreement with the respective Beneficiary on terms and conditions approved by the Bank, which shall include the following, namely that the Recipient obtain rights adequate to protect its interests and those of the Bank, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Small Grant, or obtain a refund of all or any part of the amount of the Small Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Small Grant Agreement; and (ii) require each Beneficiary to: (A) carry out its Small Grant with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan 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 Small Grant in accordance with the provisions of this Agreement, the OM, Small Grant Manual and the Procurement Plan; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Small Grant 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 Bank, both in a manner adequate to reflect the operations, resources and expenditures related to

the Small Grant; and (2) at the Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Recipient and the Bank; (F) enable the Recipient and the Bank to inspect the sub-project funded by the Small Grant, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Bank all such information as the Recipient or the Bank shall reasonably request relating to the foregoing.

- (c) The Recipient shall exercise its rights under each Small Grant Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Small Grant Agreement or any of its provisions.
- (d) The following sub-projects shall not be eligible for financing under the Grant as further set forth in the OM and Small Grants Manual:
  - (i) any sub-projects that have any adverse environmental impact or potential adverse environmental impact;
  - (ii) any sub-projects affecting international waterways, disputed areas, indigenous peoples or physical cultural resources;
  - (iii) any sub-projects involving pest management; or
  - (iv) any sub-projects involving the involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, or involving the involuntary restriction of access to legally designated parks and protected areas.
- (e) No Small Grant may exceed an amount of US\$30,000 for each sub-project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators 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 one month after the end of the period covered by such report.

- (b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

- (b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report 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. 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.

## 2.07. ***Procurement***

- (a) General. All goods, works, 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 National Competitive Bidding subject to the Bank's procurement procedures and using the Bank's standard bidding documents, acceptable and cleared by the Bank.
  - (ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.





- (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 under a Fixed Budget (FBS); (B) Least-Cost Selection (LCS); (C) Selection Based on the Consultant's Qualifications (CQS); (D) Single-source Selection of consulting firms; (E) Selection of Individual Consultants; and (F) 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, works, consultants' services and Training under Parts A, B.3 and C of the Project, and audit	1,000,000	100%
(2) Goods, works, consultants' services and Training for Small Grants under Part B.1 of the Project	1,000,000	100%
<b>TOTAL AMOUNT</b>	<b>2,000,000</b>	

For the purposes of this Section, the term “Training ” means reasonable costs for Project related study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.

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.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2014.

## **Article IV**

### **Effectiveness; Termination**

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

- (a) NVSPEP and NPCV are staffed with a project manager, project assistant, volunteer coordinator, procurement specialist, a financial management specialist, each with qualifications and terms of reference satisfactory to the Bank.
- (b) Each of the OM and Small Grants Manual, satisfactory to the World Bank, has been adopted by the Recipient, NVSPEP and NPCV.

4.01. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the world Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

## **Article V**

### **Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

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

Ministry of Finance  
Riad El-Solh Square  
Beirut  
Lebanese Republic

Facsimile:

961 1 642 762

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

International Bank for Reconstruction and Development  
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