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GRANT NUMBER TF091663

# **World Bank Iraq Trust Fund Grant Agreement**

**(Additional Financing for  
Emergency Community Infrastructure Rehabilitation Project)**

between

**MINISTRY OF WATER RESOURCES OF REPUBLIC OF IRAQ**

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**acting as administrator of the World Bank Iraq Trust Fund**

**Dated April 20, 2008**

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**GRANT NUMBER TF091663**

**WORLD BANK IRAQ TRUST FUND GRANT AGREEMENT**

AGREEMENT dated April 20, 2008, entered into between: MINISTRY OF WATER RESOURCES OF IRAQ (“Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of grant funds (“Grant Funds”) contributed by various donors (collectively “Donors”)<sup>1</sup> to the World Bank Iraq Trust Fund (“ITF”).

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 July 20, 2006 (“Standard Conditions”), with the following modifications, constitute an integral part of this Agreement:

(a) Section 4.02(c) is modified to read in its entirety as follows:

“(c) *Cross Suspension.* IBRD or IDA has suspended in whole or in part the right of the Recipient (or of the Member Country if the Recipient is not the Member Country) or of any other recipient of grant funds contributed by various donors to the World Bank Iraq Trust Fund to make withdrawals under any agreement with IBRD or with IDA because of a failure by the Recipient (or by the Member Country) or by such other recipient to perform any of its obligations under such agreement or any other agreement with IBRD or IDA.”

(b) A new Section 4.02(i) is added after Section 4.02(h), to read in its entirety as follows, and the existing Section 4.02(i) is re-lettered as Section 4.02(j):

“(i) *Payment Failure.* The Member Country has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charge or any other amount due to IBRD or IDA: (i) under any agreement between the Member Country and IBRD; or (ii) under any agreement between the Member Country and IDA; or (iii) in consequence of any guarantee extended or other financial obligation of any kind assumed by IBRD or IDA to any third party with the agreement of the Member Country.”

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<sup>1</sup> The following donors have provided contributions to the World Bank Iraq Trust Fund: Australia, Canada, European Community, Finland, Iceland, India, Japan, Republic of Korea, Kuwait, Netherlands, Norway, Qatar, Spain, Sweden, Turkey, United Kingdom, and United States.

- 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 and the following additional terms have the following meanings:
- (a) “Environmental and Social Screening and Assessment Framework” or “Framework” means the Environmental and Social Screening and Assessment Framework prepared by the Administrator and furnished to the Recipient in August 2005 and revised for the purposes of this Project which sets out the environmental and social safeguards to be met by Subprojects, as the same may be amended from time to time with the agreement of the World Bank;
  - (b) “Operating Costs” means incremental operating costs incurred by the Recipient on account of Project management, monitoring and evaluation, including office equipment maintenance and repair, office supplies, utility charges, communication, translation, printing and advertising, Recipient’s staff domestic travel, allowances and per diem expenditures as required to implement program activities, and other miscellaneous costs directly associated with the Project and acceptable to the World Bank;
  - (c) “Operations Manual” means the manual furnished to the World Bank on September 22, 2004 and revised for the purposes of this Project which sets out details of all procedures, guidelines, timetables and criteria required for the Project, including technical, economic, social and environmental criteria for the Project, as the same may be amended from time to time with the agreement of the World Bank;
  - (d) “Original Project” means the Emergency Community Infrastructure Rehabilitation Project as described in the World Bank Iraq Trust Fund Grant Agreement between the Recipient and the World Bank dated December 18, 2004;
  - (e) “PMT” means the Project Management Team established by the Recipient for the purposes of implementation of the Original Project and which shall also be entrusted with the implementation of this Project pursuant to paragraph 2 of Section I of Schedule 2 to this Agreement;
  - (f) “Subproject” means a small-scale project to be carried out under Part A of the Project; and

- (g) “Training” means training courses, workshops and seminars conducted under the Project, including purchase and publication of materials, rental of facilities and equipment, course fees, and travel and subsistence of trainees.

## **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 PMT 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 twenty six million Dollars (\$26,000,000) (“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.

## **Article IV**

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

- 4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Water Resources of Republic of Iraq.
- 4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Water Resources  
6 Palestine Street  
Baghdad, Iraq

Facsimile:

964.77.40.672

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

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

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

AGREED at Baghdad, Republic of Iraq, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT  
ASSOCIATION  
acting as administrator of the World Bank Iraq Trust Fund

By /s/ Simon Stolp  
Authorized Representative

MINISTRY OF WATER RESOURCES OF REPUBLIC OF  
IRAQ

By /s/ Bokhtiar A. Rahman Abdulkarim  
Authorized Representative

IRAQI STRATEGIC REVIEW BOARD

By /s/ Huda A. Malik  
Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to address current emergency needs in Iraq for infrastructure rehabilitation at the community level and generate employment. This will cover the restoration of rural infrastructure using labor-intensive, small-scale civil works programs for water supply, sanitation, irrigation and drainage infrastructure Subprojects.

The Project consists of the following parts:

Part A: Implementation of selected Subprojects aimed at rehabilitation and modernization of irrigation, drainage, and rural water supply facilities across the north, middle and south of Iraq, including provision of required equipment.

Part B: Provision of technical assistance and training to strengthen the Recipient's capacity in water resources and irrigation management.

Part C: Strengthening the Recipient's capacity for Project management, monitoring and evaluation, including financing of Operating Costs.

**SCHEDULE 2****Project Execution****Section I. Institutional and Other Arrangements**

1. The Recipient shall carry out the Project in accordance with the provisions of the Operations Manual and Environmental and Social Screening and Assessment Framework, and except as the World Bank shall otherwise agree, the Recipient shall not amend or waive the Operations Manual or the Framework or any provision thereof without the prior approval of the World Bank.
2. At all times during the implementation of the Project the Recipient shall maintain the PMT with a composition, functions, staffing, resources and terms of reference satisfactory to the World Bank. The PMT staff shall have qualifications and experience, and be appointed on terms and conditions, satisfactory to the World Bank.

**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 agreed with the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than one month 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 as part of the Project Report not later than one month 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, works 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:
  - (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 (“Procurement Guidelines”) in the case of goods and works, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 (“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 1.16 of the Procurement Guidelines and paragraph 1.24 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods and Works**

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.
2. **Other Methods of Procurement of Goods and Works.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to additional provisions set forth in the Annex to this Schedule 2; and (b) Shopping.



**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) Least Cost Selection; (b) Selection based on Consultants' Qualifications; (c) Single-source Selection; (d) Selection of Individual Consultants; and (e) Sole Source Procedures for the Selection of Individual Consultants.

**D. Review by the World Bank of Procurement Decisions**

1. 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:

<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, works, consultants' services and Training	24,660,000	100%
(2) Operating Costs	690,000	100%
(3) Unallocated	650,000	
<b>TOTAL AMOUNT</b>	26,000,000	

**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 June 30, 2010.

**ANNEX TO  
SCHEDULE 2**

**Additional Provisions Applicable to National Competitive Bidding**

1. Standard bidding documents approved by the Administrator shall be used.
2. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty-eight (28) days prior to the deadline for the submission of bids.
3. Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.
4. Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
5. Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders.
6. Qualification criteria (in case pre-qualifications were not carried out) shall be stated in the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder shall be given reasonable opportunity of registering, without any hindrance i.e. no non-registration status should be considered as a non-eligibility-to-bid criterion.
7. Bidders may deliver bids, at their option, either in person or by courier service or by mail.
8. Bids shall be opened in public in one place preferably immediately, but no later than one (1) hour, after the deadline for submission of bids.
9. Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Administrator.
10. Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Administrator.
11. Split award or lottery in award of contracts shall not be carried out. When two or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which: (A) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder; and (B) if no

evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Administrator.

12. Contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity so that extensions are not necessary. Extension of bid validity may be sought only under exceptional circumstances.
13. Extension of bid validity shall not be allowed without the prior concurrence of the Administrator: (A) for the first request for extension if it is longer than eight (8) weeks; and (B) for all subsequent requests for extensions irrespective of the period.
14. Negotiations shall not be allowed with the lowest evaluated or any other bidders.
15. Re-bidding shall not be carried out without the Administrator's prior concurrence.
16. All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply to a specific contract under which it was furnished.