

CONFORMED COPY

Letter No: JA-257/PNPM/V/2010

May 27, 2010

Mr. Robert Calamo
Vice President and Comptroller
Wildlife Conservation Society
Global Conservation
2300 Southern Boulevard
Bronx, NY 10460-1099 USA

Dear Mr. Calamo:

***Re: Trust Fund for the Support Facility for the National Program for
Community Development/Program Nasional Pemberdayaan Masyarakat (PNPM),
Environmental Pilot Project - 'Green' PNPM.
Grant No. TF096887***

In response to the request for financial assistance made on behalf of the Wildlife Conservation Society (the "Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, the "World Bank"), acting as administrator of grant funds provided by several donors (collectively, the "Donors") under the Support Facility for the National Program for Community Development/*Program Nasional Pemberdayaan Masyarakat* ("PNPM") Multi-Donor Trust Fund (TF070967) ("PSF"), and pursuant to the endorsement of the technical committee of the PSF dated January 15, 2010, proposes to extend to the Recipient for the benefit of the Republic of Indonesia (the "Member Country"), a grant in an amount not to exceed two million two hundred ninety five thousand four hundred United States Dollars (USD 2,295,400) (the "Grant") on the terms and conditions set forth or referred to in this letter agreement (the "Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex (the "Project"). The Project will support the environmental pilot program of PNPM (known as "Green PNPM").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. 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 of this Agreement.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

/s/ Chris Hoban
Acting Country Director, Indonesia

AGREED:
WILDLIFE CONSERVATION SOCIETY

By: /s/ Robert Calamo

Name: Robert Calamo

Title: Vice President and Comptroller

Date: June 9, 2010

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008, with the modifications set out in Section I of the Appendix to this Agreement.
- (2) Disbursement Letter dated May 27, 2010, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

TF096887
ANNEX

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 1, 2008 (“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 or in this Agreement. For purposes of this Agreement the following terms, whenever used in this Agreement shall have the following meanings:

(a) “CBO” means a community based organization authorized to operate in the Member Country.

(b) “CSO” means a civil society organization authorized to operate in the Member Country.

(c) “Green PNPM” means the Member Country’s environmental pilot program of PNPM for which the Project will provide the training, awareness raising and technical assistance support set out in Section 2.01 of this Annex.

(d) “Kabupaten” means a district, an administrative division of a Member Country Province.

(e) “Kecamatan” means a sub-district, an administrative division of a Kabupaten.

(f) “NGO” means a non-governmental organization authorized to operate in the Member Country.

(g) “PNPM” means the Member Country’s on-going *Program Nasional Pemberdayaan Masyarakat*, or National Program for Community Empowerment, under which Block Grants are disbursed to fund local development PNPM Sub-Projects in accordance with the PNPM Operations Manual, and to which the Bank provides financing under Credit Nos. 4384-IND and 4385-IND and Loan Nos. 7504-IND, 7505-IND, 7664-IND and 7666-IND.

(h) “PNPM Block Grant” means a grant which is disbursed by the Member Country through PNPM or Green PNPM at the Kabupaten and Kecamatan levels in accordance with the PNPM Operations Manual. PNPM Block Grants are not funded through the Project.

(i) “PNPM Green Facilitators” means individual consultants who are employed by the Management Consultants to facilitate the community-driven development process of Green PNPM in accordance with the PNPM Operations Manual. PNPM Green Facilitators are not funded by the Project.

(j) “PNPM Management Consultants” means individual consultants who are employed by the National Management Consultancy (NMC) firm contracted to the Member Country to provide managerial, administrative, procurement, and financial management, and monitoring and evaluation support to PNPM. PNPM Management Consultants are not funded by the Project.

(k) “PNPM Operations Manual” means the Member Country’s official document with the guidelines and procedures regarding the implementation of PNPM and Green PNPM, as such PNPM Operations Manual may be issued and revised by the Member Country from time to time.

(l) “PNPM Participating Community” means any community residing within one of Green PNPM’s Project Kabupaten and Project Kecamatan and eligible to develop/submit PNPM Sub-Project proposals for PNPM Block Grant funding under Green PNPM.

(m) “PNPM Sub-Project” means a local development project receives funding through Green PNPM’s Block Grant disbursement method in accordance with the PNPM Operations Manual. PNPM Sub-Projects are not funded through the Project.

(n) “PNPM Technical Implementation Unit” means the group comprising representatives of the PNPM Participating Communities who are responsible for implementing Sub-Project activities in accordance with the PNPM Operations Manual. Members of the PNPM Technical Implementation Units are not funded by the Project.

(o) “PNPM Verification Team” means a group of representatives from a PNPM Participating Community who are responsible for verifying the feasibility, implementation plans, and proposals for PNPM Sub-Projects selected for funding through Green PNPM Block Grants in accordance with the PNPM Operations Manual. PNPM Verification Teams are not funded by the Project.

(p) “Project Kabupaten” means one of the twelve Kabupaten within the Project Provinces which have been identified by the Member Country to participate in Green PNPM and receive technical assistance through the Project in accordance with this Agreement. The twelve Project Kabupaten are Aceh Timur, Aceh Tengah, Aceh Selatan, Phak Phak Barat, Tapanuli Selatan, Nias, Pasaman, Solok Selatan, Pesisir Selatan, Bengkulu Selatan, Kaur, and Bengkulu Utara. The list of Project Kabupaten may be revised from time to time by written agreement between the Bank and the Recipient.

(q) “Project Kecamatan” means one of the thirty-six Kecamatan, agreed from time to time in writing between the Recipient and the World Bank, within the Project Kabupaten which have been identified by the Member Country to participate in Green PNPM and receive technical assistance through the Project in accordance with this Agreement.. The list of Project Kabupaten may be revised from time to time by written agreement between the Bank and the Recipient.

(r) “Project Management Manual” means the manual, dated March 3, 2010, produced by the Recipient and acceptable to the World Bank giving details of guidelines and procedures agreed with the World Bank for the implementation, supervision, and monitoring and evaluation, including specifications for the terms and conditions of all Project Sub-Grants Agreements.

(s) “Project Province” means one the four administrative provinces (Aceh, North Sumatra, West Sumatra, and Bengkulu) which have been identified by the Member Country to participate in Green PNPM and receive technical assistance through the Project in accordance with this Agreement,

as such list of Project Provinces may be revised from time to time by written agreement between the World Bank and the Recipient.

(t) “Project Staff Member” means an individual who is an employee of the Recipient and funded either fully or in part by the Project.

(u) “Project Sub-Grant” means the proceeds of the Grant to be made available to an eligible Project Sub-Grantee in accordance with this Agreement for the purposes of carrying out activities set out in Section 2.01 of this Annex.

(v) “Project Sub-Grant Agreement” means each agreement to be entered into by a Project Sub-Grantee and the Recipient, setting out the terms and conditions, acceptable to the World Bank, on which the Recipient may make a portion of the proceeds of the Grant available to a Project Sub-Grantee for the purposes of carrying out activities set out in Section 2.01 of this Annex.

(w) “Project Sub-Grantee” means an CBO, NGO, or CSO eligible to participate in the Project in accordance with the Project Management Manual which has entered into a Sub-Grant Agreement with the Recipient.

(x) “Project Village” means each village located within a Project Kecamatan in which the Recipient conducts Project activities in accordance with this Agreement;

(y) “Project Partner” means each Project Staff Member, Project Sub-Grantee, potential Project Sub-Grantee, PNPM Management Consultant, and PNPM Green Facilitator who is supporting the Project.

(z) “Province” means a province, and administrative division of the Member Country.

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to support the implementation of Green PNPM by delivering environmental awareness raising and training activities designed to improve rural livelihoods while simultaneously benefiting the environment, wildlife and wild habitats in the Project areas.

The Project consists of the following parts:

Part 1. Project management and initial assessment activities.

(a) Hold a Project inception workshop for all collaborating Project Partners to agree on standardized strategies for communication and coordination.

(b) Establish Project bases in each of the Project Provinces which will be responsible for activity coordination within each Project Kabupaten and Project Kecamatan.

(c) Establish coordination mechanisms with Project Staff Members, PNPM Management Consultants, and PNPM Green Facilitators, and PNPM Verification Teams at the provincial, Kabupaten, and Kecamatan levels.

(d) Identify potential local NGO/CBOs to assist in extending training and environmental awareness raising activities to the village level. Once identified, award and supervise Project Sub-Grants to NGOs/CBOs qualifying as Project Sub-Grantees to implement specific activities to support Green PNPM in Project Kabupaten, Project Kecamatan, and Project Villages.

(e) Conduct Knowledge, Attitude and Practices (KAP) survey of PNPM Participating Communities and Project Partners on natural resource use and conservation needs throughout the Project Provinces.

(f) Conduct training needs assessments of all Project Partners at Project Province, Project Kabupaten, Project Kecamatan, and Project Village levels.

(g) Identify and establish network of volunteers in each Project Province and mobilize the network to Kecamatan level.

(h) On a quarterly basis, produce progress and activity reports of Project.

Part 2. Capacity Building/Training

(a) Develop training modules based on initial assessments and tailored to the specific needs of individual Project Partners. Provide thematic and technically specific training to Project Partners, as required.

(b) Hold training sessions for PNPM Green Facilitators at the Provincial level and Kabupaten level.

(c) Assist PNPM Green Facilitators in delivering Green PNPM socialization activities within Project Villages, describing possible options for PNPM Sub-Project proposals.

(d) Utilizing Project Staff Members and volunteers, assist Green Facilitators and PNPM Participating Communities to develop PNPM Sub-Project proposals for PNPM Block Grant funding, and as needed provide technical assistance in implementation.

(e) Adjust and adopt verification tools for PNPM Verification Teams.

Part 3. Awareness Raising

(a) Design and implement environmental awareness raising strategy for Project Sub-Grantees which addresses sustainable natural resources management and integrates environmental issues with other existing activities in PNPM.

(b) Conduct media analysis and design communication themes (parallel to KAP survey).

(c) Develop and implement standard awareness raising modules for use by Project Sub-Grantees at Project Province, Project Kabupaten and Project Kecamatan levels.

(d) Work with PNPM Block Grant recipients to develop demonstration plots and information centers at the Project Kabupaten and Project Kecamatan levels.

(e) Document, develop and disseminate best practices models of livelihood/natural resource use activities to areas participating in Green PNPM, and propose strategies for mainstreaming those practices into PNPM.

Part 4. Monitoring & Evaluation

(a) Monitor and evaluate Project-produced training modules, materials and other initiatives and awareness raising and media promotion activities.

(b) Develop PNPM Sub-Grant project tracking/monitoring methods; monitor the uptake of PNPM Sub-Project proposals produced by PNPM Participating Communities; and evaluate the impact of PNPM Sub-Projects implemented by those PNPM Participating Communities who received environmental awareness and training through this 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) 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 Implementation Arrangements.***

(a) ***Institutional Arrangements.***

(i) The Recipient shall be responsible for implementation of the Project and shall establish and thereafter maintain until completion of the Project, a project management unit, with staffing and terms of reference acceptable to the World Bank.

(ii) The Recipient shall be responsible for integrating the Project into the planning cycle of PNPM. The Recipient shall employ qualified Project Staff to supervise Project activities throughout duration of the Project, and coordinate Project implementation with all Project Partners, Member Country local representatives, existing PNPM teams in each such Project Province, Project Kabupaten, Project Kecamatan and Project Village.

(b) ***Implementation Arrangements***

(i) The Recipient shall implement the Project in accordance with the Project Management Manual, acceptable to the World Bank, giving details of guidelines and procedures agreed with the World Bank for the implementation, supervision, and monitoring and evaluation, of the Project, including: (i) implementation arrangements; (ii) procurement procedures as set forth in Section III of this Schedule and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit procedures as set forth in Section II.B of this Schedule; (iv) project performance indicators as set forth in Section II.A of this Schedule; (v) environmental assessment and management procedures; and (viii) criteria for the selection of Project Sub-Grantees, including the terms and conditions of Project Sub-Grant Agreements, and obligations for implementation by, and supervision of, Project activities carried out by Project Sub-Grantees. The Recipient shall not

amend the Project Management Manual except with the written agreement of the World Bank.

(c) ***Procedures, Terms and Conditions for Project Sub-grants***

(i) The Recipient shall make available the proceeds of the Grant allocated to Category (4) of the table in paragraph 3.01 of this Annex to one or more Project Sub-Grantee(s), in each case under a Project Sub-Grant Agreement to be entered into between the Project Sub-Grantee and the Recipient, on terms and conditions acceptable to the Recipient and the World Bank for the purposes of carrying out activities in accordance with the Project Management Manual.

(ii) To be eligible for a Project Sub-Grant, a Project Sub-Grantee must furnish a proposal to the Recipient that fully satisfies the criteria specified in the Project Management Manual.

(iii) Project Sub-Grants shall be provided exclusively to Project Sub-Grantees for the purpose of the Project. No Project Sub-Grant may be made available to a Project Sub-Grantee unless the Recipient and the Project Sub-Grantee have entered into a Project Sub-Grant Agreement that fully satisfies the criteria specified in the Project Management Manual and in sub-paragraph (iv) below.

(iv) Each Project Sub-Grant Agreement shall provide for rights adequate to protect the interests of the World Bank and the Recipient, including to the extent that it shall be appropriate to:

- (A) require the Project Sub-Grantee to carry out activities specified in the relevant Grant Agreement with due diligence and efficiency and in accordance with sound administrative, financial, technical and managerial standards satisfactory to the World Bank, including, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds;
- (B) require that all goods and services required for the Project Sub-Grant shall be procured in accordance with the provisions of paragraph 2.05 of this Annex;
- (C) require that all goods and services shall be used exclusively in the carrying out of the Project Sub-Grant activities;
- (D) permit the Recipient to inspect, by itself or jointly with representatives of the World Bank if the World Bank shall so request, any goods and services included in the Project Sub-Grant, the operation thereof, and any relevant records and documents; and
- (E) suspend or terminate the right of the project Sub-Grantee to the use of the proceeds of the Project Sub-Grant upon the failure by the Project Sub-Grantee to perform any of its obligations under the Project Sub-Grant Agreement.

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 Donors' support for the Project.

(b) 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 Donors to visit any part of the Member Country's territory for purposes related to the 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 set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than one forty-five (45) days 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) Well trained PNPM Green Facilitators and other Project Partners who can sustain the capacity to ignite and facilitate the implementation of Green PNPM Sub-Projects, throughout the Project Provinces, Project Kabupaten and Project Kecamatan and in other areas where PNPM is operational.

(ii) A functioning communication network established among local and international NGOs/CSOs, PNPM Participating Communities, and other Project Partners throughout the Project Provinces to share and effectively disseminate information on environmental and natural resource management issues in support of PNPM.

(iii) Increased number of PNPM Participating Community members, including women and children, which are aware of environmental issues and the sustainable natural resource management decision-making procedures in which they can participate in.

(iv) Increased number of local government institutions adopting natural resources governance issues as an integral part of the policy development and decision making process.

(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 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 forty-five (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 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

Goods 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 Procurement for 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	165,718	100%
(2) Training/Workshops*	40,800	100%
(3) Operating Costs*	836,616	100%
(4) Consultants Services	39,620	100%
(5) Sub-Grants	1,003,600	100%
(6) Management Fee*	209,046	
TOTAL AMOUNT	2,295,400	

*For the purpose of this table:

- (i) the term “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;
- (ii) “Operating Costs” means the incremental 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; and

(iii) the term “Management Fee” means a reasonable portion of the Recipient’s overhead costs, excluding Operating Costs and Project Staff Member 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, except that withdrawals up to an aggregate amount not to exceed \$200,000 equivalent may be made for payments made prior to this date but on or after September 1, 2009.

3.03. **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

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Recipient’s Director International Services Center.

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

Mr. Robert Calamo
Vice President and Comptroller
Wildlife Conservation Society
International Conservation
2300 Southern Boulevard
Bronx, NY 10460-1099 USA

Facsimile: +1-718 364-4275

4.03. **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 and 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

Mr. Robert Calamo
Wildlife Conservation Society

13 of 15

May 27, 2010

Washington, D.C. 64145 (MCI)

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

Section I. The Standard Conditions are modified as follows:

1. 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.”