



GPOBA GRANT NUMBER TF091511-IND

ID Expanding Piped Water

Global Partnership on Output-based Aid *(91511)*

Grant Agreement

(Expanding Piped Water Supply to Surabaya's Urban Poor Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Administrator of the Global Partnership on Output-based Aid

Dated, February 12 , 2009

GPOBA GRANT NUMBER TF091511-IND**GLOBAL PARTNERSHIP ON OUTPUT-BASED AID)
GRANT AGREEMENT**

AGREEMENT dated February 12, 2009, entered into between:

REPUBLIC OF INDONESIA (“Recipient”); and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Global Partnership on Output-based Aid (“GPOBA”).

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 1, 2008 (“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.

**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 cause the Project to be carried out through the Ministry of Public Works 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 two million four hundred seven thousand five hundred United States Dollars (\$2,407,500) ("Grant") to assist in financing the Project. The total Grant amount will be financed by Department for International Development (DFID) Trust Fund TF054696.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

**Article IV
Additional Remedies**

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (i) of the Standard Conditions consist of the following:
- (a) any law or regulation pursuant to which PDAM Surabaya is established or conducts its business has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient or PDAM Surabaya to perform any of its obligations under this Agreement; or
 - (b) the World Bank has determined after the date on which this Agreement becomes effective that prior to such date but after the date of the Grant Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if the Grant Agreement has been effective on the date such event occurred.

**Article V
Effectiveness; Termination**

- 5.01. 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) the Ministry of Public Works has established the GC to manage the Project with terms of reference and a staffing plan acceptable to the World Bank
 - (b) the Ministry of Public Works has appointed the City Satker and the Provincial Satker with qualifications acceptable to the World Bank; and
 - (c) the Recipient has adopted, and has caused each of the Satkers and PDAM Surabaya to adopt the PMIM.
- 5.02. 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 5.01 ("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.

- 5.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

- 6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

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

Ministry of Finance
c/o Directorate General of Debt Management
Jalan Lapangan Banteng Timur 2-4
Jakarta 10710
Indonesia

Cable address:

Telex:

Facsimile:

FINMINISTRY
Jakarta

45799 DJMLN-IA
44319 DEPKEU-IA

(21) 381 2859

6.03. 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 Jakarta, February 11, 2009, as of the day and year first above written.

REPUBLIC OF INDONESIA

By



Rahmat Waluyanto
Director General of Debt Management
Ministry of Finance

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION**
administrator of the Global Partnership on Output-based Aid

By



Joachim von Amsberg
Country Director, Indonesia

SCHEDULE 1

Project Description

The objective of the Project is to increase and sustain access to piped water networks for poor households living in Surabaya.

The Project consists of the following parts:

Part 1. New Connections

- (a) Providing approximately 15,000 Beneficiary Households with a combination of In-fill Connections to existing mains and Expansion Connections to previously unserved areas; and
- (b) Providing a maximum of ten Beneficiary Communities with Master Meter Connections for poor, dense or informal communities not otherwise eligible for individual connections.

Part 2. Project Management, Monitoring and Evaluation

Support for Project management, including carrying out of audits, monitoring and evaluation activities by the hiring of an OBA Auditor.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. **GC and Satkers.** The Recipient shall establish in the Ministry of Public Works, and thereafter maintain until completion of the Project:
 - (a) the GC to be responsible for oversight of the Project in accordance with the PMIM, comprised of representatives of central and local governments;
 - (b) a Provincial Satker to be responsible for procurement of the OBA Auditor, and overall Project monitoring and evaluation; and
 - (c) a City Satker to be responsible for management of the Project confirming eligibility of, and managing, subsidy payments; safeguards compliance; and reporting.

The Recipient shall ensure that each Satker shall be headed by a Project Director and staffed by qualified and experienced personnel in adequate numbers and with terms of reference and qualifications satisfactory to the World Bank, as shall be necessary to carry out its responsibilities under the PMIM and this Agreement.
2. **PDAM Surabaya.** The Recipient shall ensure that PDAM Surabaya shall be responsible for selection of, procurement of inputs for, installation of and operation of Connections in accordance with the PMIM, and for submission of each Invoice. The Recipient shall ensure that PDAM Surabaya shall maintain, until completion of the Project, a Project management team in accordance with the PMIM, staffed by qualified and experienced personnel in adequate numbers, as shall be necessary to carry out its responsibilities under the PMIM and this Agreement.
3. **OBA Auditor** The Recipient shall ensure that the Provincial Satker shall, no later than the date on which the first Invoice is submitted by PDAM Surabaya to the City Satker, enter into a contract with, and retain until completion of the Project an OBA Auditor to verify Connections prior to payment of subsidies and certify the unit costs to be paid in accordance with the PMIM.
4. **BKMs.** The Recipient shall ensure that each BKM established in each area in Surabaya in which Connections are made shall: (a) cooperate with PDAM Surabaya to identify Beneficiaries for Connections; and (b) receive Subsidies on behalf of the Beneficiaries and transfer such payments to PDAM Surabaya, in each case in accordance with the PDAM-BKM MOA and the Payment Instructions.

B. Subsidiary Agreements

1. To facilitate the carrying out of the Project, the Recipient shall ensure that the following agreements, on terms and conditions acceptable to the World Bank, are entered into at the following times.
2. **Satker-BKM MOAs:** The City Satker shall enter into an agreement with each BKM established in an area in which Connections are made, in form satisfactory to the World Bank as set out in the PMIM, in which:
 - (a) the City Satker shall agree to pay the Subsidy due upon submission of an Invoice by BKM, duly authorized in accordance with this Agreement, for Connections made in the area of the BKM into the Subsidy Account nominated by the BKM meeting the requirements in the PMIM and
 - (b) the BKM shall agree to (1) facilitate the identification of Beneficiaries in its area; (2) receive, on behalf of Beneficiaries, payments of the Subsidy due upon submission of an Invoice by the BKM to the City Satker, duly authorized in accordance with this Agreement, for Connections made in the area of the BKM; and (3) transfer each such payment of Subsidy to PDAM Surabaya in accordance with the Payment Instructions.
3. **PDAM-BKM MOAs:** PDAM Surabaya shall enter into an agreement with each BKM established in an area in which Connections are made, in form satisfactory to the World Bank as set out in the PMIM, in which:
 - (a) PDAM Surabaya and the respective BKM shall undertake to carry out its respective Project obligations in accordance with the PMIM; and
 - (b) the respective BKM shall agree to transfer Subsidy payments received into the Subsidy Account of such BKM to PDAM Surabaya in accordance with the Payment Instructions related to such PDAM-BKM MOA; and
4. **Payment Instructions:** PDAM Surabaya shall enter into an agreement with each BKM with which it has a PDAM-BKM MOA and with the banking institution in which the respective BKM has nominated a Subsidy Account, meeting the requirements in the PMIM, which shall set out the details of the Subsidy Account and contain the necessary payment instructions to ensure that each Subsidy payment received into the Subsidy Account is transferred in full to PDAM Surabaya.
5. The Recipient shall ensure that no Subsidy is paid with respect to any Invoice for Connections until: (a) the Satker-BKM MOA for the BKM in the area in which the Connections are made has been signed by both parties thereto; (b) the PDAM-BKM MOA for the BKM in the area in which the Connections are made has been signed by both parties thereto; and (c) the Payment Instructions related to such PDAM-BKM MOA have been signed by the three parties thereto, in each case as verified by the OBA Auditor.
6. The Recipient shall exercise its rights under each Satker-BKM MOA, each PDAM-BKM MOA and each of the Payment Instructions in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank and the Recipient shall otherwise agree, the Recipient shall not assign, amend,

abrogate or waive either of any Satker-BKM MOA, any PDAM-BKM MOA or any Payment Instructions, or any of its respective provisions, and, through such agreements, shall ensure that PDAM Surabaya and each BKM shall not assign, amend, abrogate or waive any provisions of any of such agreements.

C. Project Implementation

1. The Recipient shall ensure that each of the GC, the Provincial Satker, the City Satker and PDAM Surabaya shall adopt the PMIM, which shall include:
 - (a) the Project's administrative, accounting, financial, disbursement, procurement (including procurement of inputs for Connections and of consultants' services) and monitoring and evaluation procedures (including performance indicators);
 - (b) the eligibility criteria and process through which PDAM Surabaya, with the cooperation of the BKM established in each area in which Connections will be made, will select Beneficiaries, including location and definition of formal and informal service areas;
 - (c) the technical criteria applicable to the Connections to be installed by PDAM Surabaya, including the obligation for purposes of ensuring the quality of water service connections built, for PDAM Surabaya to engage the services contractors;
 - (d) the requirements for compliance by each of the City Satker and PDAM Surabaya and each BKM with the Environmental and Social Guidelines in a manner satisfactory to the World Bank, including: (i) not to undertake any Connection that requires land acquisition; and (ii) to not construct any Connection which would result in involuntary resettlement unless, prior to commencing work, PDAM Surabaya has prepared a resettlement action plan acceptable to the World Bank for the acquisition of land and compensation and rehabilitation of Displaced Persons;
 - (e) the mechanism for determining the Subsidy per Connection, based on the determined unit cost minus the Beneficiary Contribution;
 - (f) the criteria to be used by the OBA Auditor for verifying whether a Subsidy payment will be made against an Invoice, including: (i) the eligibility of Beneficiaries; (ii) the Single Output verified with three (3) months of continuous water delivered; (iii) the unit cost per meter for each type of Connection; (iv) the form of Invoice; (v) each final amount of each Subsidy payment; and (vi) whether each of the Satker-BKM MOA, the PDAM-BKM MOA and the Payment Instructions are signed and in effect with the BKM established in the area in which Connections are claimed in the Invoice;
 - (g) the requirements and mechanisms for the submission by PDAM Surabaya of Invoices to the City Satker;
 - (h) the criteria for the establishment and maintenance by each BKM of the Subsidy Account and the mechanism for the automatic transfer of Subsidy payment from the Subsidy Account to PDAM Surabaya; and

- (i) the terms and conditions for the work to be performed by the OBA Auditor.

In the event of any conflict between the PMIM and this Agreement, the terms of this Agreement shall prevail.

2. The Recipient shall ensure that each of the Provincial Satker, the City Satker, PDAM Surabaya, BKM and GC shall implement the Project in accordance with the terms of this Agreement and the responsibilities assigned to it under the PMIM and shall not amend, revise, waive or abrogate the PMIM or any part thereof without the prior concurrence of the World Bank.
3. The Recipient shall ensure that the City Satker shall ensure that each Subsidy payment is (a) made only against the Single Output on the basis of an Invoice, verified by the OBA Auditor which attaches all supporting evidence required by the PMIM and paragraph 1(f) of this Section C; (b) calculated in accordance with the subsidy mechanism set out in the PMIM; and (c) made into the relevant BKM's Subsidy Account.
4. The Recipient shall ensure that each contractor procured under the Project shall comply, and shall monitor compliance with, the Environmental and Social Guidelines. The Recipient shall ensure that the City Satker shall provide to the World Bank quarterly compliance reports and an annual environmental and social report acceptable to the World Bank.

D. Anti-Corruption

1. 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 ("Anti-Corruption Guidelines").

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall ensure that the City Satker 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 in the PMIM. 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 ensure that the City Satker shall cause the OBA Auditor to submit to the City Satker, and the City Satker shall include in each Project Report, a report covering the measures and indicators set out in the PMIM for each of the six month periods during Project implementation referred to in paragraph A.1 of this Section II.
3. The Recipient shall prepare three Completion Reports in accordance with the provisions of Section 2.06 of the Standard Conditions. The first Completion Report shall be furnished to the World Bank not later than six months after the Closing Date. The second and third

Completion Reports shall be furnished to the World Bank not later than one month after the expiry of one year and two years respectively from 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 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. **Consultants' Services.** All 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 Sections I (excluding paragraph 1.24) and IV of the Consultant Guidelines, and with the provisions of this Section III.
3. **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 Consultant Guidelines.

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

C. 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Payments against Invoices for Single Outputs under Part 1 of the Project	2,287,500	100%
(2) Consultants' services under Part 2 of the Project	120,000	100%
TOTAL AMOUNT	2,407,500	

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, 2011.

APPENDIX

Definitions

1. "Beneficiary" means a Beneficiary Community or a Beneficiary Household, as the context requires; and "Beneficiaries" means more than one Beneficiary.
2. "Beneficiary Community" means a community located in the service area of PDAM Surabaya that receives a Connection for a Master Meter Connection under Part 1(b) of the Project, in each case meeting the requirements and having been selected in accordance with the procedures set out in the PMIM, and "Beneficiary Communities" means more than one Beneficiary Community.
3. "Beneficiary Contribution" means the amount, calculated in accordance with the PMIM, which must be contributed by each Beneficiary to the cost of the Connection received by such Beneficiary.
4. "Beneficiary Household" means a household located in the service area of PDAM Surabaya that receives a Connection for an In-fill Connection or Expansion Connection under Parts 1(a) of the Project, in each case meeting the requirements and having been selected in accordance with the procedures set out in the PMIM, and "Beneficiary Households" means more than one Beneficiary Household.
5. "BKM" means each *Badan Keswadayaan Masyarakat*, a Kelurahan level organization with elected members, legally empowered by registering as an association to act on behalf of the Kelurahan community, established in an area in which Connections will or have been made, which will act to identify Beneficiaries for Connections, and to receive Subsidy payments and transfer such payments to PDAM Surabaya in accordance with the PMIM.
6. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. "City Satker" means the Project implementation unit (*Satuan Kerja*) established by the Ministry of Public Works in accordance with paragraph 1(c) of Section I.A of Schedule 2 to this Agreement to be responsible for management of the Project confirming eligibility of, and managing, subsidy payments; safeguards compliance; and reporting.
8. "Connection" means an Infill Connection, Expansion Connection or Master Meter Connection in accordance with the eligibility criteria and standards set out in the PMIM, and "Connections" means more than one Connection.
9. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 and revised in October 2006.
10. "Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or

(C) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a “Displaced Person” means any of such Displaced Persons.

11. “Environmental and Social Guidelines” means the guidelines included in Section 4 of the PMIM, setting forth measure to mitigate any adverse impacts of the Project.

12. “Expansion Connection” means a connection provided to a Beneficiary Household through expansion of the tertiary network to provide access to piped water supply to previously unserved areas, in accordance with the eligibility criteria and standards set out in the PMIM; and “Expansion Connections” means more than one Expansion Connection.

13. “GC” means the Government Committee comprises of central and local government representatives, as described in paragraph 1 of Section A.I of Schedule 2 to this Agreement, responsible for implementation of the Project, and any successor thereto.

14. “In-fill Connection” means a connection provided to a Beneficiary Household through a new connection to an existing tertiary pipeline,, in accordance with the eligibility criteria and standards set out in the PMIM; and “In-fill Connections” means more than one In-fill Connection.

15. “Master Meter Connection” means a connection provided to Beneficiary Community in a poor, dense or informal communities not otherwise eligible for individual connections meeting the requirements set out in the PMIM; and “Master Meter Connections” means more than one Master Meter Connection.

16. “MOA (Memorandum of Agreement)” means any of the Satker-PDAM MOA, the Satker-BKM MOA or the PDAM-BKM MOA, as the context requires, and “MOAs” means more than one MOA.

17. “OBA Auditor” means the independent party acceptable to the World Bank to be engaged by the Recipient as set out in paragraph 3 of Section I(A) of Schedule 2 to this Agreement to conduct the verification for Connections prior to payment of the Subsidys and to certify the unit costs for each Connection in accordance with the PMIM. .

18. “Invoice” means the form of invoice, as set out in the PMIM, for the Single Output, to be verified by the OBA Auditor and to support disbursement of the Grant.

19. “Payment Instructions” means each set of instructions signed among PDAM Surabaya, a BKM and the BKM’s Subsidy Account banking institution, in accordance with paragraph 4 of Section I.B of Schedule 2 to this Agreement.

20. “PDAM-BKM MOA” means each memorandum of agreement referred to in paragraph 2 of Section I.B of Schedule 2 to this Agreement.

21. “PDAM Surabaya” means the *Perusahaan Daerah Air Minum*, a semi-autonomous local water supply enterprise established and operating in the municipality of Surabaya in the territory of the Recipient established under Law No.5 of 1962, Law No.5 of 1974, Decree No.26 of 1975 of

MOHA, and Joint Decree of MOHA No.3 of 1984 and KIMPRASWIL No.26/KPTS of 1984, and any successor thereto.

22. "PMIM" means the Project Management and Implementation Manual, satisfactory to the World Bank, described in paragraph 1 of Section I(C) of Schedule 2 to this Agreement setting forth the implementation rules and procedures for the activities of PDAM Surabaya and of GC under the Project, as the same may be amended from time to time by agreement between the World Bank and the Recipient.

23. "Procurement Plan" means the Recipient's procurement plan for the Project, dated September 2007 and referred to in paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraph.

24. "Provincial Satker" means the Project implementation unit (*Satuan Kerja*) established by the Ministry of Public Works in accordance with paragraph 1(b) of Section I.A of Schedule 2 to this Agreement to be responsible for procurement of the OBA Auditor, and overall Project monitoring and evaluation.

25. "Satker" means each of the Provincial Satker and the City Satker, as the context requires, and "Satkers" means more than one Satker.

26. "Satker-BKM MOA" means each memorandum of agreement referred to in paragraph 1 of Section I.B of Schedule 2 to this Agreement.

27. "Single Output" means, with respect to each Connection, the initial water connection as verified by the OBA Auditor in accordance with the PMIM and the three (3) consecutive monthly audited performance reports in which service delivery standard as defined in the PMIM is met, as verified by the OBA Auditor.

28. "Standard Conditions" means the "Standard Conditions for Grants made by the World Bank acting as administrator of Various Funds dated July 20, 2008.

29. "Subsidy" means the amount payable under this Agreement for each Single Output, calculated in accordance with the subsidy mechanism set out in the PMIM and verified by the OBA Auditor, to be paid into the Subsidy Account in accordance with paragraph 3 of Section I.C of Schedule 2 to this Agreement.

30. "Subsidy Account" means the account to be maintained by each BKM, established for the purposes of this Grant Agreement.