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**This model should be used for TF projects, such as Full Size GEF Grants and Global Partnership on Output-based Aid TF Grants, which do not use letter agreement formats. It should be used only with the Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 20, 2006. For grants to UN Agencies, please DO NOT USE THIS MODEL without first consulting with LEGOP on the appropriate form to use.**

[Acronym of TF] GRANT NUMBER \_\_\_\_\_ - \_\_

***[Insert Name of TF, eg., Global  
Environment Facility, Global Partnership  
on Output-based Aid]  
Grant Agreement***

(\_\_\_\_\_ Project)

between

[NAME OF RECIPIENT] <sup>1</sup>

and

[INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT][INTERNATIONAL DEVELOPMENT ASSOCIATION] <sup>2</sup>

[acting as an Implementing Agency of the Global Environment Facility][acting as  
Administrator of the Global Partnership on Output-based Aid][acting as  
administrator of *[insert name of TF]*

Dated \_\_\_\_\_, 200\_

[acronym of TF] GRANT NUMBER \_\_\_\_\_ - \_\_\_\_

**[NAME OF TRUST FUND (EG., GLOBAL ENVIRONMENT  
FACILITY/GLOBAL PARTNERSHIP ON OUTPUT-BASED AID)]  
GRANT AGREEMENT**

AGREEMENT dated \_\_\_\_\_, 200\_, entered into between:

[*NAME OF RECIPIENT*] (“Recipient”); and

[INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION] (“World  
Bank”), acting as [an implementing agency of the Global Environment Facility  
 (“GEF”)] [administrator of the Global Partnership on Output-based Aid  
 (“GPOBA”)] [administrator of [*name of TF*]].

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 modifications set forth [below]] [in the Appendix to this Agreement],] 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 [carry out [Part \_\_\_\_ of] the Project [through \_\_\_\_\_]] [[and] cause [Part \_\_\_\_ of] the Project to be carried out by [*insert name of PIE with which the Bank enters into a Project Agreement*] (“Project Implementing Entity”)] in accordance with the provisions of Article II of the Standard Conditions[ and the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time (“Project Agreement”)][, and with [*insert name of any*

*applicable international guidelines adopted by the Recipient, or Recipient's country, pursuant to any relevant international conventions]]*<sup>3</sup>.

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 \_\_\_\_\_ [United States Dollars]<sup>4</sup> ([\\$] \_\_\_\_\_) ("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 Additional Remedies]**

[4.01. The Additional Event[s] of Suspension referred to in Section 4.02 (i) of the Standard Conditions consist[s] of the following:

(a)<sup>5</sup> *Ineligibility.* IBRD or IDA has declared the Recipient ineligible to be awarded a contract financed by IBRD or IDA.]

(b) *[Add any other Additional Event(s) of Suspension.]*<sup>6</sup>

### **[Article [V] [Effectiveness; Termination]]**<sup>7</sup>

### **Article V[I] Recipient's Representative; Addresses**

[6].01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is \_\_\_\_\_.

[6].02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Cable: \_\_\_\_\_ Telex: \_\_\_\_\_ Facsimile: \_\_\_\_\_

[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<sup>8</sup>]  
[INDEVAS] 248423 (MCI) or 1-202-477-6391  
Washington, D.C. 64145 (MCI)

AGREED at \_\_\_\_\_, \_\_\_\_\_, as of the day and year first above written.

**[NAME OF RECIPIENT]**

**By**

**Authorized Representative**

**[INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT]  
[INTERNATIONAL DEVELOPMENT  
ASSOCIATION  
acting as [an Implementing Agency of the  
Global Environment Facility]  
[administrator of the  
Global Partnership on Output-based Aid]  
[administrator of \_\_\_\_\_]**

**By**

**Authorized Representative**

**SCHEDULE 1**

**Project Description**

The objective[s] of the Project [is][are] \_\_\_\_\_.

The Project consists of the following parts:

*[insert description of the various components of the Project based on the approved Grant Proposal or Initiating Brief for the TF Grant.]*

## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### [A. **Subsidiary Agreement**

1. To facilitate the carrying out of [Part \_\_\_\_ of] the Project, the Recipient shall make the proceeds of the Grant [allocated from time to time to category \_\_\_\_ of the table set forth in Section IV.A.2 of this Schedule] available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank, which shall include the following: \_\_\_\_\_ (“Subsidiary Agreement”).]
2. The Recipient shall exercise its rights under the Subsidiary Agreement 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 shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

[B. **Other.** *[Insert additional covenants on institutional or other arrangements, as needed.]*<sup>9</sup>

#### Section II. Project Monitoring, Reporting and Evaluation

##### [<sup>10</sup>A. **Project Reports; Completion Report**

1. (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 sub-paragraph (b) of this paragraph][agreed with 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 performance indicators referred to above in sub-paragraph (a) consist of the following: *[Here, list performance indicators, if included in the legal agreement.]*

[2.<sup>11</sup> 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]**[insert other date.]* <sup>12</sup>[In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants [whose qualifications, experience and terms of

reference are acceptable to the World Bank][in accordance with the provisions of Section 2.06 of this Agreement.]

**[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.] <sup>13</sup>The Recipient shall [, upon the World Bank's request,] have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. [Each][S][s]uch audit of the Financial Statements shall cover [the period of one fiscal year of the Recipient][the entire period during which withdrawals from the Grant Account were made][the period indicated in the World Bank's request]. 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][the date of the World Bank's request].

**Section III. Procurement**<sup>14</sup>

**A. General**

- [<sup>15</sup>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 [<sup>16</sup>(excluding paragraph 1.16)] of the "Guidelines for 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 [<sup>17</sup>(excluding paragraph 1.24)] and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Recipients" published by the World Bank in May 2004 ("Consultant Guidelines") in the case of consultants' services; and
  - (b) the provisions of this Section III <sup>18</sup>[, 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][National] Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods [and works] shall be procured under contracts awarded on the basis of [International][National] Competitive Bidding, [subject to the following additional procedures: *[here, spell out the modifications needed to the NCB procedures to make them acceptable to IDA]*].
2. **Other Methods of Procurement of Goods [and Works].** The following methods, other than [International][National] Competitive Bidding, may be used for procurement of goods [and works] for those contracts <sup>19</sup>[specified in the Procurement Plan][which the Bank agrees meet the requirements set forth in the Procurement Guidelines for their use]: <sup>20</sup>[(a) Limited International Bidding; (b) National Competitive Bidding [, subject to the following additional provisions *[here, spell out the modifications needed to the NCB procedures to make them acceptable to IDA]*; (c) Shopping; (d) Direct Contracting; (e) Force Account; (f) Procurement from [*name of UN Agency*]; (g) Established Private or Commercial Practices which have been found acceptable to the World Bank; (h) International Competitive Bidding, subject to the provisions of paragraph 3.13 (a) of the Procurement Guidelines; and (i) Community Participation procedures which have been found acceptable to the World Bank].

**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 [<sup>21</sup>which are specified in the Procurement Plan][ which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use]: <sup>22</sup>[(a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection; (f) Established Private or Commercial Practices which have been found acceptable to the World Bank; (g) Selection of Service Delivery Contractors which have been found acceptable to the World Bank; (h) Selection of Individual Consultants; and (i) Sole Source Procedures for the Selection of Individual Consultants].

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

- [<sup>23</sup>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.]
- [1. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: [the first contract to be awarded in accordance with each procurement method]][(a) each contract for [goods or works ][estimated to cost the equivalent of \$\_\_\_\_\_ or more][procured on the basis of International Competitive Bidding, Limited International Bidding or National Competitive Bidding, or Direct Contracting]; and (b) each contract for consultants' services provided by a firm [estimated to cost the equivalent of \$\_\_\_\_\_ or more]]. All other contracts shall be subject to Post Review by the World Bank.]<sup>24</sup>

**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 \_\_\_% of Eligible Expenditures [consisting of [*here, add as appropriate the categories of items to be financed, e.g., goods and/or works and/or services and/or other expenditures*]] [, excluding [*here add as appropriate any type of excluded expenditures, such as goods or works or services and/or other expenditures that are desired to be excluded from financing under the Grant*]].<sup>25</sup>
- [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 [, excluding [*here add as appropriate any type of expenditures that are desired to be excluded from financing under the Grant Agreement, if not captured by a separate definition of a category 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 <sup>26</sup>	Amount of the Grant Allocated (expressed in [USD] <sup>27</sup> )	Percentage of Expenditures to be Financed [(inclusive/exclusive) <sup>28</sup> of Taxes]
(1) <sup>29</sup> [Goods, works and consultants' services under [Part ___ of ]the Project		[___%][___% of [foreign expenditures and ___% of local expenditures for goods; ___% for works; and ___% for consultants' services] <sup>30</sup>
(2) [ ]		[___%]
<b>TOTAL AMOUNT</b>		

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made[:

(a) ]for payments made prior to the date of this Agreement[.], except that withdrawals up to an aggregate amount not to exceed \$\_\_\_ equivalent may be made for payments made prior to this date but on or after [*insert retroactive financing date*], for Eligible Expenditures [under Category ( )][.]; or]

[(b)<sup>31</sup> for any payment for Taxes levied by or in the territory of the Member Country [in respect of [goods][works][services]; or]

[(c) under Categor[y][ies] \_\_\_ for [*insert any additional disbursement conditions*].]

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is \_\_\_\_\_.<sup>32</sup>

**Section V. Other Undertakings**

A. [*Insert other covenants, as needed. In drafting these covenants, be careful that they are not duplicative of or inconsistent with the covenants included in the Standard Conditions or elsewhere in this agreement.*]

**[APPENDIX  
Modifications to the Standard Conditions]<sup>33</sup>**

The Standard Conditions are modified as follows:

[1. The provisions of Section 4.02 (c) of the Standard Conditions are deleted in their entirety.]<sup>34</sup>

[2. The provisions of Section 5.03, *Arbitration*, are deleted in their entirety and replaced by the following: [here, *add specific arbitration provision.*]]<sup>35</sup>

[3. The reference to “Member Country” in [Section \_\_\_\_ of] the Standard Conditions [and in this Agreement] means \_\_\_\_\_.]<sup>36</sup>

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<sup>1</sup> If the grant is made to an entity that is not the Member Country, please reverse the order of names, with the Bank listed first, here, as well as in the first page preamble section, and in the signature page. This model assumes that if the Grant is made to an entity that is NOT the member country (MC), this agreement will only be signed with the Recipient, and any agreement with the MC will be entered into separately. Please consult with LEGOP if the MC wishes to cosign this Agreement, as there would be implications for the Standard Conditions.

<sup>2</sup> IBRD (NOT IDA) should always be selected when drafting GEF Grant Agreements, since IBRD, rather than IDA, is the implementing agency for the GEF.

<sup>3</sup> The bracketed text may be used for GEF Grants if the Recipient country has adopted international guidelines on the basis of international conventions related to the areas of relevance to the GEF, namely, protection of biodiversity, global warming and international waters for which a GEF Trust Fund Grant may be made. In such case, a reference to the applicable conventions and guidelines should be inserted in the blank space. Lawyers may wish to consult with LEGEN on appropriate guidelines to which to refer.

<sup>4</sup> For GEF Grants, an amount in US Dollars should be inserted, as GEF Grants are always denominated in US Dollars. The same may be true of other grants as well.

<sup>5</sup> Add this remedy if the Grant is made to a Recipient which is NOT the Member Country.

<sup>6</sup> In general, lawyers should consult the IDA and IBRD General Conditions for examples of Additional Events of Suspension that are normally found in these General Conditions but have been eliminated from the Standard Conditions. Examples of Additional Events of Suspension would include those listed below.

Remedies listed in (a) through (e) should ONLY be used if the World Bank will enter into a Project Agreement with a Project Implementing Entity, and in such case it will be necessary to define “Project Implementing Entity” and “Project Agreement”).

Remedies listed in (f) should ONLY be used if the Grant will be co-financed by a financier other than IBRD or IDA. This is because if the Bank is co-financing this Project, there will have to be cross effectiveness provisions between the two operations, and the remedies already built into the Standard Conditions and the General Conditions would enable the Bank to cross suspend in the event it has suspended the other operation. The remedy listed in (f)(i) should only be used if effectiveness of the co-financing agreement is not required as a condition of effectiveness of this Agreement.

The remedy listed in (g) should ONLY be used if there will be effectiveness conditions (see Article V).

It may in some cases be necessary to add other remedies, such as suspension in the event of non payment by the Recipient/Member Country under IBRD loans or IDA Credits, as this remedy, normally found in the General Conditions for IDA Grants has been deleted from the Standard Conditions:

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(a) The Member Country has taken or permitted to be taken any action which would prevent or interfere with the performance by Project Implementing Entity of its obligations under the Project Agreement.

(b) The Project Implementing Entity has failed to perform any obligation under the Project Agreement.

(c) IBRD or IDA has declared the Project Implementing Entity ineligible to be awarded a contract financed by IBRD or IDA.

(d) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Project Implementing Entity will be able to perform its obligations under the Project Agreement.

(e) Law No. dated *\_[insert legislation pertinent to the Project Implementing Entity]* pursuant to which the Project Implementing Entity has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.]

(f) *Cofinancing.* [(i) The agreement (“Co-financing Agreement”) between the Recipient and [insert name of Co-financier other than IBRD or IDA] (“Co-financier”) providing for financing in an amount equivalent to \$ \_\_\_\_\_ (“Co-financing”) to assist in financing the Project, has failed to become effective by *[insert cofinancing deadline]*, or such later date as the World Bank has established by notice to the Recipient; provided, however, that the provisions of this paragraph shall not apply if the Recipient establishes to the satisfaction of the World Bank that adequate funds for the Project are available from other sources on terms and conditions consistent with its obligations under this Agreement. (ii) Subject to sub-paragraph (iii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity. (iii) Sub-paragraph (ii) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the World Bank that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient’s obligations under this Agreement.]

(g) *Event prior to Effectiveness.* The World Bank has determined after the Effective Date referred to in Section 5.0[3] of this Agreement that prior to such date but after the date of this 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 this Agreement had been effective on the date such event occurred.]

<sup>7</sup> Under the Standard Conditions, this Agreement will become effective upon signature by all the parties. If there are no special conditions of effectiveness, this Article V should be deleted, and the subsequent Articles renumbered accordingly. In general, please consult the IDA and IBRD General Conditions for provisions to be included here if there are special conditions of effectiveness. The following sections 5.01 – 5.04 could be used, adjusted to reflect the particular effectiveness requirements:

[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 execution and delivery of this Agreement on behalf of the Recipient [and the Project Agreement on behalf of the Project Implementing Entity] have been duly authorized or ratified by all necessary governmental and corporate action.

(b) *[if the Recipient is not the Member Country, or if there is a PIE, this para could be added]*  
If World Bank so requests, the condition of the [Recipient][Project Implementing Entity], as represented or

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warranted to the World Bank at the date of [this] [the Project] Agreement, has undergone no material adverse change after such date.]

[(c) The Subsidiary Agreement referred to in Section [I.A] of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

[(d) the [Co-financing Agreement][the [loan][financing] agreement dated the same date as this Agreement, between the [Recipient] and [IBRD/IDA], providing a [loan][credit][grant] in support of the Project (“[Loan][Financing] Agreement”), has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

[(e) *List further Additional Conditions of Effectiveness, if any.*]

[5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing the following matters:

(a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms;

[(b) on behalf of the Project Implementing Entity, that the Project Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; ]and

[(c) the Subsidiary Agreement referred to in [Section I.A] of Schedule 2 to this Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon each such party in accordance with its terms.]

[5.03. 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.

[5.04. *Termination for Failure to Become Effective.* 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.]

<sup>8</sup> Use INTBAFRAD if the Grant is made by IBRD. Use IDEVAS if the Grant is made by IDA.

<sup>9</sup> For example, if there are any safeguard documents, such as environmental management plans, resettlement instruments or indigenous peoples’ plans for the Project, or project manuals required for the project, covenants obligating the Recipient to carry out the Project in accordance with these documents should be inserted here. Similarly, if there are any technical, advisory or administrative structures of the Recipient specially charged with project implementation, covenants regarding their establishment and operation should be included here. Furthermore, if the project is designed as a line of credit with subprojects to be identified and appraised by the Recipient during Project implementation, the terms and conditions for including the subprojects in the Project should be included here.]

<sup>10</sup> This section should be included if the Recipient will be required to prepare periodic Project Reports and/or Recipient’s Completion Report. See Section 2.06 of the Standard Conditions.

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<sup>11</sup> Normally, as with IDA Grants, the Recipient's Completion Report is required 6 months after the Closing Date. In some cases they may only be required on request. In the case of GPOBA Grants, Recipients are required to provide more than one completion report. Therefore, in such cases, the following text should be included: "The Recipient shall prepare the Recipient's Completion Report not later than six months after the Closing Date. In addition, the Recipient shall prepare two additional reports ("Post Project Reports"), each of such scope and in such detail as the World Bank shall reasonably request, on the execution of the plan set out in the Recipient's Completion Report, and setting out measures designed to ensure the continued efficient and effective achievement of the Project's objectives. The Recipient shall furnish the Post-Project Reports to the World Bank not later than one month after of the first and second anniversaries of the Closing Date, respectively."

<sup>12</sup> This text would only be included for grants which require that an independent evaluation be carried out by the Recipient. If the consultants will be financed out of the Grant proceeds, use the text referring to engagement of the consultants in accordance with the section of the agreement on procurement. If the consultants will not be financed out of the Grant proceeds, use the text referring to qualifications, experience and ToRs acceptable to the World Bank.

<sup>13</sup> This section provides for 3 different audit options: annual, upon Bank request, and once at the end of the Project. The choice should be made consistent with the Grant Proposal and in consultation with the FMS.

<sup>14</sup> If the Grant is made to a UN organization or MDB, it may be necessary to revise the Procurement section of the Grant Agreement to provide for other approaches. The drafting lawyer should consult with LEGOP and LEGPR.

<sup>15</sup> Delete or adjust text relating to goods and/or works, depending on whether such items will be financed under the Grant.

<sup>16</sup> Add this exclusion if there will be no procurement plan.

<sup>17</sup> Add this exclusion if there will be no procurement plan.

<sup>18</sup> Add this bracketed text if there will be a procurement plan. Please consult with the Op Memo on Procurement Plans for Trust Funds.

<sup>19</sup> Use this bracketed text if there will be a Procurement Plan. Use the second bracketed text if there will not be a Procurement Plan.

<sup>20</sup> List the applicable procurement methods, and delete the inapplicable ones.

<sup>21</sup> Use this bracketed text if there will be a Procurement Plan. Use the second bracketed text if there will not be a Procurement Plan.

<sup>22</sup> List the applicable procurement methods, and delete the inapplicable ones.

<sup>23</sup> Use this paragraph if there will be a Procurement Plan, and the TL/PS decides to specify prior review in the Plan. Use the second paragraph 1 if there will not be a Procurement Plan, or if the TL/PS decides to spell out the prior review in this agreement.

<sup>24</sup> In exceptional circumstances, TTLs may wish to require prior review of contracts for individual consultants. In such cases, the following additional text should be inserted in this section:

"In addition, the following prior review procedures shall apply to each contract for the employment of individual consultants (other than consultants to be selected on a sole source basis) estimated to cost the equivalent of \$ \_\_\_ or more: (i) the report on the comparison of the qualifications and experience of candidates, terms of reference and conditions of employment of the consultant shall be furnished to the Association for its prior review and approval; (ii) the contract shall be awarded only after the Association's approval shall have been given; and (iii) the provisions of paragraph 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract. The following prior review procedures shall apply to each contract for the employment of individual consultants to be selected on a sole source basis: (i) the qualifications, experience, terms of reference and conditions of employment of the consultants shall be furnished to the Association for its prior review and approval; (ii) the contract shall be awarded only after the Association's approval shall have been given; and (iii) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract."

<sup>25</sup> In drafting this section, the lawyer should keep in mind the definition of Eligible Expenditures in the Standard Conditions (Section 3.06). If the Grant will finance all types of expenditures as defined in the Standard Conditions (i.e. goods, works and services), this provision may simply refer to X% of Eligible Expenditures. If the Grant will finance only a subset of these 3 types of expenditures, additional types of expenditures (e.g., severance pay, land, etc.), and/or will exclude specific types of expenditures (e.g., "goods excluding vehicles"), provision is made to specify such included or excluded expenditures in the bracketed texts. If the Grant will

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finance certain special types of expenditures, such as operating costs or training, it will be necessary to define these terms here or elsewhere in this Section. If a positive list of Eligible Expenditures is used, keep in mind that any expenditure not included in the positive list is NOT eligible for financing under the Grant.

<sup>26</sup> For guidance on additional categories please see the IDA Financing Agreement Drafting Guide. Also, if terms such as “Operating Costs”, training and the like are to be used, they would need to be defined in this Part A.

<sup>27</sup> Insert the currency of denomination of the Grant.

<sup>28</sup> If taxes may be financed under the Grant, use “inclusive of Taxes”; if taxes may not be financed use “exclusive of Taxes”, unless the disbursement percentage is adjusted to exclude taxes. In the latter case, do not use “exclusive of taxes”.

<sup>29</sup> For GPOBA Grants the normal category will look something like: “[Goods, works and consultants’ services for [heating connections under Part \_\_\_ of ]the Project”.

<sup>30</sup> If use of foreign and/or local expenditures is required, these will need to be defined, as they are not defined in the Standard Conditions. See IDA General Conditions for a definition.

<sup>31</sup> Include this disbursement condition only if taxes may NOT be financed under the TF. Adjust as necessary if the exclusion applies only to certain expenditures.

<sup>32</sup> NB that different TF Programs have different policies regarding closing dates.

<sup>33</sup> If, in exceptional circumstances, modifications to the Standard Conditions are needed, lawyers should consult with LEGOP.

<sup>34</sup> These remedies of the Bank should only be deleted if a decision by management has been made that the particular Grant Agreement will not be subject to cross suspension, ie, suspension of this grant as a result of suspension of an IBRD loan or IDA credit or grant to the Recipient or to or guaranteed by the Member Country.

<sup>35</sup> The Standard Conditions sets out the arbitration provisions to be used if the Recipient is a Member Country. If the Recipient is not the Member Country, and the Recipient makes the change to the arbitration clause a condition for the successful completion of the negotiations, these arbitration provisions may be replaced by an UNCITRAL arbitration provision along the following lines: "Section 5.03. *Arbitration*. Any dispute, controversy, or claim arising out of or relating to the Grant Agreement, which has not been settled by agreement of the parties, shall be submitted to arbitration in accordance with the UNCITRAL Arbitration Rules in effect on the date of the Grant Agreement, and the following provisions: (a) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration; and (b) the language of the arbitral proceedings shall be English." Even if an UNCITRAL arbitration provision is selected, there should be **NO** change to the enforceability clause in Section 5.01 of the Standard Conditions, nor should any new governing law provision be inserted in the Grant Agreement, as the enforceability clause already performs this function. Please consult LEGOP, LEGCF (and, in the case of GEF Grants, LEGEN) on alternative arbitration provisions, if any are proposed.

<sup>36</sup> If the grant is for a project to be executed in more than one country, and the Recipient is an international or regional organization or a non-governmental entity, the drafting lawyer will need to review the Standard Conditions carefully to ensure that the provisions are adequate and appropriate for such a situation. (S)he will need to consider certain special issues, among them: (a) since the "Project" will be implemented in various member countries, the term "Member Country" will have to be modified so that it refers separately to each of the member countries (in such case, the term Member Country could be modified to include at the end of the definition, the following: “If the Project is carried out in the territory of more than one member of the World Bank, “Member Country” refers separately to each such member.”), and (b) a decision will be needed as to whether the remedies that refer to “Member Country” failures or actions should apply to a failure or action by any member country which is also a member of the international organization. If so, this means, for example, that the cross suspension remedy would allow the Bank to suspend the grant if a Bank loan/credit/grant to one of the many members of the organization that is a member country of the Bank has been suspended. Other sections of the SC may also need to be revised. The lawyer should consult with LEGOP, LEGCF and, if the grant is a GEF grant, with LEGEN, in such cases. Similarly, if the grant is not to be executed in any particular recipient country (for example, a grant made to a university in the US for research activities that will enhance the Bank’s understanding of certain issues related to its financing operations in a region, the drafting lawyer will have to pay special attention to the applicability of the provisions of the SC relating to the Member Country. For example, it may be necessary to delete paragraphs (a) and (b) of Section 2.09 of the SC (relating to visits to the Member Country’s territory), to adjust Section 3.07 relating to financing of taxes, to modify the remedies that refer to the

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Member Country (including Section 4.02(a) relating to interference by the Member Country, 4.02 (c) relating to cross suspension, 4.02 (f) relating to disposition of assets, 4.02 (h) relating to the condition of the Recipient which is not a Member Country, 4.02 (g) relating to cessation of membership in the World Bank or IMF, 4.03 (c) relating to cancellation for misprocurement, fraud and corruption, and Section 4.05 relating to refunds for fraud and corruption), to adjust Section 5.02 (j) relating to arbitration, which contains references to the Member Country, and to adjust the definition of Member Country. The lawyer should consult with LEGOP in these cases.