Grant Agreement

(Energy Sector Program – Phase II Project)

between

REPUBLIC OF TURKEY

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as administrator of the European Union Instrument for Pre-Accession Trust Fund

Dated June 19, 2015
EU/IPA GRANT NUMBER TF019255

ENERGY SECTOR PROGRAM Phase II Project

GRANT AGREEMENT

AGREEMENT dated JUNE 19, 2015, entered into between:
REPUBLIC OF TURKEY (“Recipient”); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as administrator of the European Union Instrument for Pre-Accession Trust Fund (“EU/IPA TF”), established pursuant to funds provided by the European Commission (“EC” or the “Donor”).

WHEREAS:

(A) The Recipient has satisfied itself as to the priority and necessity of the project described in Schedule 1 to this Agreement (“Project”) as Phase 2 (TF019255-“IPA 2013” Project).

(B) The Recipient has requested the EC to assist in the financing of the Project and has submitted “Energy Sector Fiche (IPA/2013/023-651/4)” which was approved by the EC on November 13, 2013.

(C) Pursuant to an agreement (“EU/IPA Financing Agreement 2014”) entered into between the EC and the Recipient, and signed by the representative of the EC on November 20, 2013, and by the representative of the Recipient on January 20, 2014, the EC agreed to support the financing of the Project through the provision of resources under the EU/IPA TF, subject to the terms and conditions of the EU/IPA Financing Agreement 2014 (which entered into force with issuance of the Ministerial Council Decision No. 2014/6286 of April 21, 2014 in the Republic of Turkey’s Official Gazette on May 23, 2014 (Number 29008)).

(D) Pursuant to an Administration Agreement dated September 15, 2014 between the European Union (“EU”), as represented by the EC, and the World Bank, a trust fund (Trust Fund Number TF072280) was established within the World Bank to receive contributions from the EU to be administered by the World Bank, as trustee and legal owner of the funds and to be used to assist in the financing of the Project on the terms and conditions specified in said Administration Agreement.

(E) Pursuant to the “Enhancement of Turkish Energy Sector In Line With the EU Energy Priorities and Strategies (TR2012/0315.10) Project Fiche”, which was approved by the EC, and an agreement (“EU/IPA Financing Agreement 2013”) entered into between the EC and the Recipient, and signed by the representative of the EC on September 4, 2012, and by the representative of the Recipient on March 27, 2013, the EC has determined to support the financing of the Phase 1 of the Project through the provision of resources under the EU/IPA TF, subject to the terms and conditions of the EU/IPA Financing Agreement 2013. The EU/IPA Financing Agreement 2013 was published in the Recipient’s Official Gazette on June 23, 2013, and entered into force with issuance of the Ministerial Council Decision No. 2013/5370 on September 2, 2013. Pursuant to an Administration Agreement
signed by the European Union ("EU"), as represented by the EC on October 14, 2013, and by the World Bank on November 6, 2013, Trust Fund Number TF071960 was established to receive contributions from the EU to be administered by the World Bank, as trustee and legal owner of the funds and to be used to assist in the financing of Phase 1 of the Project on the terms and conditions specified in said Administration Agreement, recognized in this agreement as Phase 1 (TF016532-IPA 2012).

The Recipient and the World Bank hereby agree as follows:

**Article 1**

**Standard Conditions; Definitions**


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 as defined below:

a) "BOTAS" means the Petroleum Pipeline Corporation of the Recipient.

b) "EMRA" means the Recipient’s Energy Market Regulatory Authority.

c) "EPIAŞ" means an energy market operations company to be established in the Recipient’s territory.

d) "Euro", “€” and “EUR” each means the lawful currency of the Euro Area.

e) "Euro Area" means the economic and monetary union of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

f) "Europe 2020 Targets" means the five targets of employment, R&D/innovation, climate change/energy, education, and poverty/social exclusion agreed for the whole EU.

g) "EUAŞ" means the Recipient’s Electricity Generation Corporation.

h) "EU Member States" means the countries that are members of the European Union.

i) "IPA Projects" means the ongoing or completed projects for energy sector reform in the Recipient’s territory, financed from the EU’s Instrument for Pre-Accession program. “Phase 1” means the Project under the Grant Agreement between the Recipient and the World Bank signed on May 30, 2014, and defined as TF016532 and/or IPA 2012 Project. “Phase 2” means this project defined within this Agreement.
j) "TEIAS" means the Recipient’s Electricity Transmission Company.

k) “Undersecretariat of Treasury” means the Undersecretariat of Treasury of the Republic of Turkey.


Article II
The Project

2.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Energy and Natural Resources (“MENR”), as implementing authority, in accordance with the provisions of Article 11 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 eleven million five hundred ninety-three thousand twenty-one Euros (EUR 11,593,021) (“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.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Effectiveness

4.01. This Agreement shall enter into effect on the date, the “Effective Date”, upon which the World Bank dispatches to the Recipient notice of its acceptance of an opinion from the Recipient that this Agreement has been duly authorized on behalf of the Recipient and is legally binding on the Recipient. According to the respective Parties, this Agreement will be legally binding on the Recipient on the
date of its publication in the Official Gazette and will be legally binding on the World Bank upon signature.

**Article V**

**Recipient's Representative; Addresses**

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Undersecretary of MENR.

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

Türk Oçağı Cad No. 2, Kat 4
06100 Bahcelievler, Ankara
Turkey

Cable: 90 312 213 11 24
Facsimile: 90 312 213 20 49

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

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
Ankara, Republic of Turkey

AGREED at June 19, 2015, as of the day and year first above written.

REPUBLIC OF TURKEY

By

Authorized Representative

Name: Tanae Yildiz
Title: Minister

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as administrator of the EU/IPA Trust Fund

By

Authorized Representative

Name: Martin Raiss
Title: Country Director
SCHEDULE 1
Project Description

The objective of the Project is to develop the administrative and technical capacity of the Recipient’s relevant institutions to achieve an increasing alignment with the EU acquis and the Europe 2020 Targets in the areas of (1) energy efficiency, (2) internal energy market, and (3) long-term energy planning and modelling.

The Project consists of the following parts:

1. Energy Efficiency (€4,817,097)

(a) Energy efficiency in electricity transmission and generation.

(i) Analysis of the current energy efficiency conditions of the energy generation facilities of EUA$;

(ii) Preparation of a needs assessment and feasibility study regarding energy efficiency of the EUA$' power plants;

(iii) Site visits by EUA$ personnel to most efficient European thermal and hydraulic power plants (10 personnel for a 4-day visit);

(iv) Preparation of a needs assessment, and organization of a workshop, regarding setting up central online monitoring and evaluation system for thermal power plants;

(v) Organization of a symposium and a workshop on the improvement of the energy efficiency applications in electricity generation power plants and transmission grids;

(vi) Organization of a symposium and a workshop, and carrying out a technical review, to analyze measures by EU Member States for energy efficiency in operation and maintenance of transmission grids and power plants;

(vii) Carrying out a needs assessment, and organization of a workshop, to analyze the energy storage systems and the frequency regulation systems in the area of security of supply and system stability (such as flywheel technology);

(viii) Analysis of the current energy efficiency conditions of the electricity transmission network of TEIA$;

(ix) Preparation of a needs assessment study regarding energy efficiency of the electricity transmission network; and

(x) Preparation of a feasibility study regarding energy efficiency of electricity transmission system in terms of financing.
(b) Energy efficiency in natural gas transmission.

(i) Preparation of a needs assessment study regarding energy efficiency of the natural gas transmission system; and

(ii) Preparation of a feasibility study regarding energy efficiency of natural gas transmission system in terms of financing.

2. Electricity and Gas Market Development (€ 1,533,957)

(a) Preparation of a study to identify any changes in legislation, and implementation needed for the establishment of an energy exchange (EPIA$), including the determination of bottlenecks, legislative requirements, implementation issues and market structure for a properly functioning energy market;

(b) The preparation of draft legislation for the elimination of shortcomings identified, including additional regulations for the efficient operation of and the administrative structure of the energy exchange;

(c) Organization of trainings for capacity building for the proposed administrative structure for the Energy Exchange (three training sessions currently expected, with staff from concerned agencies including the energy exchange EPIA$ (once established), MENR, EMRA, TEIA$, BOTA$, Capital Markets Board and Borsa Istanbul to be invited);

(d) Preparation of:

(i) a study for the identification of technical infrastructure needs that shall be completed in order to ensure a properly functioning energy exchange with a view to align with EU energy markets’ structure;

(ii) a roadmap regarding the post trade processes, e.g. nomination methods, clearing, over the counter markets in the process of establishment of energy exchange;

(iii) an analysis study on the enhancement of regulation of the exchange, including recommendations regarding institutional and regulatory responsibilities of the relevant public bodies;

(iv) a roadmap for the enhancement of the organizational and administrative capacity and arrangement of institutional roles of MENR, EMRA, TEIA$, BOTA$, the Capital Markets Board and Borsa Istanbul regarding exchange trading and monitoring activities; and

(v) an analysis study on the best EU practices in monitoring and market surveillance in the energy markets, including the roadmap on their adaptation to Turkish systems;
(e) Organization of a workshop on the outcomes of the above studies with the participation of relevant units from MENR and EMRA and other related institutions; and

(f) Design of a SCADA system according to the needs of the liberalizing natural gas sector; preparation of the needs assessment and feasibility studies and terms of references for the related software and hardware system for effective implementation of the SCADA system and Gas Management Tools; and development of the Mathematical Modelling Programs for the SCADA system.

3. **Long-term Energy Scenarios, Capacity Building And Establishment Of An Energy Data Center (€ 4,771,047)**

(a) Review of the current energy data collection system and preparation of a report that includes identification of gaps in the system, a roadmap and needs analysis for the elimination of the gaps and establishment of the data center and the necessary infrastructure (hardware and software) to be supplied;

(b) Carrying out of a study for the improvement of the capacity of MENR's monitoring information system data sources (also known as ESIS), which is based on business intelligence logic, and which conducts data mining while collecting data from related institutions and allows making analysis and forecasts, and realization of necessary activities for its integration with the envisaged data center;

(c) Preparation of draft legislation to implement the above mentioned roadmap;

(d) Organization of training (targeted at public and private stakeholders) for the effective operation of the data center and organization of trainings on data analyzing, modelling, future planning and projections (six (6) trainings, 5-day for fifty (50) personnel each); and

(e) Development of the necessary software for the data center. Supply of the hardware for the data center. Installation and commissioning of hardware and software.

4. **Visibility and Public Awareness (€ 470,920)**

(a) Organization of one (1) regional Energy Efficiency Forum (expected to be in Ankara) with the participation of policy makers, regulatory authorities, industrial branch associations, municipal administrative bodies, SMEs, universities, real and legal persons, owners of residential and commercial buildings, consumer associations, environmental groups and associations, universities, lending market actors including banks and IFIs and ESCOs;

(b) Organization of media awareness campaigns (preparation of TV ads and ads on newspapers; preparation and dissemination of booklets,
construction of a website) about EU’s energy objectives and strategies particularly in energy efficiency and renewable energy as well as dissemination of publications (regarding the outcomes of the measures implemented) of several types like textbooks, flyers, course notes, information series, booklets, and monograms;

(c) Organization of four (4) seminars for municipalities on financing mechanism for energy efficiency and pilot studies completed within 2012 and 2013 IPA projects, energy efficiency lending market, the progress achieved and mechanisms established and case studies; and

(d) Organization of two (2) workshops for SMEs, real and legal persons, universities and municipalities for case study developments and dissemination of results of 2013 IPA project.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Institutional

1. The Recipient, through MENR shall: (i) operate and maintain during Project implementation the Project Implementation Unit (PIU) within its Department for EU Affairs and IFIs of the General Directorate for EU Affairs and Foreign Relations (GDEU) with adequate and qualified staff; and (ii) ensure that the PIU functions at all times in a manner and with budgetary resources necessary and appropriate for the implementation of the Project, all satisfactory to the World Bank.

2. The Recipient, through MENR, shall: (i) ensure full and timely cooperation by other concerned departments, including General Directorate for Energy Affairs (energy policy, electricity and gas) and General Directorate for Renewable Energy (renewable energy and energy efficiency) within MENR, gas company BOTAŞ, transmission system operator TEİAŞ; and (ii) seek full and timely cooperation by other energy agencies including energy regulatory authority EMRA and the energy exchange EPIAŞ.

3. The Recipient will ensure that tax exemptions will be applied to the contracts both in Phase 1 (TF016532 – IPA 2012) and Phase 2 (TF019255- IPA 2013 Project) Projects in which MENR is the implementing authority in accordance with the EU/IPA Framework Agreement. The tax exemptions and their certifications should be in the name of contractors that signed contracts with MENR. Firms signing contracts with MENR will be considered as EC contractors.

B. Anti-Corruption

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 and revised in January 2011 (“Anti-Corruption Guidelines”).

C. Safeguards

The Recipient, through MENR, shall ensure that the terms of reference for any consultancies related to the technical assistance under the Project shall be satisfactory to the World Bank and, to that end, such terms of reference shall require that the advice conveyed and documentation prepared through such technical assistance be consistent with the requirements of the World Bank’s Safeguard Policies.

D. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.
2. 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 Donor to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar quarter, 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 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 (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient through MENR 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 (45) 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 the 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 (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, non-consulting-services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(b) The provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods other than International Competitive Bidding may be used for procurement of goods and non-consulting services (including logistical and organization services for training and workshops) for those contracts specified in the Procurement Plan:

(a) National Competitive Bidding (NCB), subject to the additional provisions set forth in the Annex to this Schedule 2; and

(b) Shopping

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraphs 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 table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

(a) Selection Based on Consultants’ Qualification (CQS);
Selection of Individual Consultants (IC);

Single-source Selection of consulting firms; and

Single-source procedures for the Selection of Individual Consultants.

D. 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.

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in Euro)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants’ services, Goods and non-consulting Services</td>
<td>11,593,021</td>
<td>100%</td>
</tr>
</tbody>
</table>

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; or

   (b) for any payment for Taxes levied by or in the territory of the Recipient in respect of goods, non-consulting services and consultants’ services.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is May 31, 2020.
ANNEX TO  
SCHEDULE 2

Mandatory Provisions for Procurement under Bank-Financed Contracts  
Subject to National Competitive Bidding

The procedures to be followed for National Competitive Bidding shall be those set forth in the Recipient’s Public Procurement Law (Law No. 4734) as amended as of September 10, 2014 (the “PPL”), notwithstanding anything to the contrary in the Recipient’s Law on Public Procurement Contracts (Law No. 4735) as amended as of September 10, 2014, and subject to the following provisions:

A. Eligibility

The eligibility of bidders shall be as defined under Section I of the Guidelines Procurement under IBRD Loans and IDA Credits (the “Procurement Guidelines”); accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Bank for reasons other than those provided in Section I of the Procurement Guidelines.

Bidding shall not be restricted to domestic bidders. No restrictions in respect of eligibility to participate in bidding for contracts shall be placed on the basis of nationality of the bidder and/or the origin of goods other than those set forth in paragraph 1.10 of the Procurement Guidelines. No restriction of any kind shall be applied to foreign bidders who wish to submit a bid.

Bidding shall not be restricted to pre-registered firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids.

B. Procedures

(a) Invitations to bid shall be advertised in the Recipient’s official gazette, or in at least one widely circulated national daily newspaper, or in an electronic portal of free access allowing a minimum of thirty (30) days for the preparation and submission of bids.

(b) The sale and/or issuance of bidding documents shall not be restricted only to entities invited by the procuring entity.

(c) Prequalification procedures acceptable to the Bank shall be used for large, complex and/or specialized projects.
C. **Assessment of Bidders’ Qualifications**

In the procurement of goods and works, where pre-qualification is not used, the qualifications of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying minimum experience, technical and financial requirements which shall be explicitly stated in the bidding documents and which shall be determined by a ‘pass/fail’ method, not through use of a merit point system.

D. **Participation by Government-owned Enterprises**

Government-owned enterprises in the Republic of Turkey shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the Recipient. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

E. **Participation by Joint Ventures**

Participation shall be allowed from joint ventures on the condition that such joint venture partners will be jointly and severally liable under the Contract.

F. **Bidding Documents**

Procuring entities shall use the Bank’s sample National Competitive Bidding documents for Europe and Central Asia Region for works and goods in a manner acceptable to the Bank, and shall draft prequalification documents (where applicable), contracts and conditions of contract acceptable to the Bank.

G. **Bid Evaluation**

(a) Evaluation criteria other than price shall be quantified in monetary terms.

(b) Evaluation of bids shall be made in strict adherence to the monetarily-quantifiable criteria declared in the bidding documents and a merit point system shall not be used.

(c) An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the bid validity expiration date and shall be allowed once only for the minimum period required to complete the evaluation or award a contract, but not more than thirty (30) days. No further extensions shall be requested without the prior approval of the Bank.

(d) Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid, and no negotiation as to the price or substance of the bid shall take place.

(e) No preference shall apply under National Competitive Bidding.
H. **Price Adjustment**

Civil works contracts of long duration (i.e. more than eighteen (18) months) shall contain an appropriate price adjustment clause, acceptable to the Bank.

I. **Rejection of All Bids**

All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Bank’s prior written concurrence. No bids shall be rejected solely because they fall below or exceed the estimated or reference price.

J. **Securities**

Bid securities should not exceed 3% (three percent) of the estimated cost of the contract; performance securities not more than 10% (ten percent). No advance payments shall be made to the suppliers without a suitable advance payment security. The wording of all such securities shall be included in the bidding documents and shall be acceptable to the Bank. Bidders shall be given at least twenty-eight (28) days from the receipt of notification of contract award to submit performance securities, and bid securities shall remain valid for such period.

K. **Fraud and Corruption**

Each bidding document and contract financed out of the proceeds of the Grant shall include provisions on matters pertaining to fraud and corruption as set forth in paragraph 1.14(a) of the Procurement Guidelines. The Bank will sanction a firm or an individual, at any time, in accordance with prevailing Bank sanctions procedures.

L. **Audit Rights**

In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Grant shall provide that: (i) the bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Bank; and (ii) acts intended to materially impede the exercise of the Bank’s audit rights may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

M. **Debarment**

The Bank may recognize, if requested by the Borrower, exclusion from participation as a result of debarment under the national system, provided that the debarment is for offenses involving fraud, corruption or similar misconduct, and further provided that the Bank confirms that the particular debarment procedure afforded due process and the debarment decision is final.