Mr. John Dawson  
Chairman  
Worting House  
Worting Road, Basingstoke, Hampshire  
RG23 8 PX  
United Kingdom  

Dear Mr. Dawson:

_Australian Grant for Scaling-up the Philippines International Road Assessment Program (iRAP)_  
_AUSAID Grant Number: TF010382_

In response to the request for financial assistance made on behalf of the International Road Assessment Program (iRAP) ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") acting as administrator of grant funds provided by the Government of Australia, represented by the Australia Agency for International Development ("AUSAID" or "Donor"), under the Australia-World Bank Partnership for Philippines Development Trust Fund, proposes to extend to the Recipient for the benefit of the Republic of the Philippines ("Member Country"), a grant in an amount equivalent to two hundred fifty thousand United States Dollars (US$250,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project"). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned original, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: /s/ Nazmul Chaudhury

Acting Country Director, Philippines  
East Asia and Pacific Region
AGREED:
INTERNATIONAL ROAD ASSESSMENT PROGRAMME

By: /s/ John Dawson

Name

Title  CHAIRMAN

Date  5th October 2011

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
ANNEX

Article I
Standard Conditions; Definitions

1.01.  **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 ("Standard Conditions") constitute an integral part of this Agreement.

1.02.  **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement as follows:

(a)  "DOTC" means the Republic of the Philippines’ Department of Transportation and Communications, or any successor thereto.

(b)  "DPWH" means the Republic of the Philippines’ Department of Public Works and Highways, or any successor thereto.

(c)  "Inter-Agency Steering Committee" means the committee established under the Project and referred to in Section 2.03(a) of the Annex to this Agreement.

(d)  "iRAP Network" means the scaled-up iRAP Network covering approximately 3,000 to 5,000 km of roads to be identified by DPWH and planned to be surveyed for the purpose of the Project.

(e)  "TWG" means the Technical Working Group established under the Project and referred to in Section 2.03(b) of the Annex to this Agreement.

Article II
Project Execution

2.01.  **Project Objectives and Description.** The objective of the proposed Project is to reduce high-risk roads in the Republic of the Philippines.

The Project consists of the following parts and activities.

Part A: Road Inspection and Coding

(i)  Collection of background data on roads, including data on traffic volume and speed, mapping, crashes, and road safety countermeasures costs, consistent with local condition, practice and experience.

(ii)  Provision of inspection and coding training to DPWH staff, including training on iRAP video coding and assessment.

(iii) Conducting about 3,000 to 5,000 km of road surveys to be identified by iRAP and DPWH, in accordance with iRAP standard inspection and rating specification.
Part B: Star Rating and Safer Roads Investment Plan

(i) Undertaking star rating analysis for car occupants, pedestrians, bicyclists and motorcyclists for the iRAP Network, using iRAP online software, and development of a safer roads investment plan for the iRAP Network thereafter.

(ii) Carrying out of training on the use of the iRAP online software and a review of the preliminary results with key stakeholders, and thereafter preparation of a technical report that will be launched in a workshop.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements

(a) The Recipient shall maintain, throughout the period of the implementation of Project, an Inter Agency Steering Committee with functions, staffing and resources satisfactory and acceptable to the World Bank. The Inter Agency Steering Committee shall be responsible for, among others, coordinating the Project activities, including providing leadership and commitment for the longer-term implementation of the iRAP recommendations. The Steering Committee shall be headed by DPWH's Assistant Secretary.

(b) The Recipient shall maintain, throughout the period of the implementation of the Project, the TWG for the purpose of assisting the Inter Agency Steering Committee to: (i) secure economic background, countermeasure cost, traffic volume, speed and crash data; (ii) participate in road inspections, rating, analysis and review of results including proposed countermeasures; and (iii) develop and implement a communication strategy. The TWG shall be headed by DPWH Planning Service Director.

(c) The Recipient shall ensure that DPWH is consulted in the final length of the iRAP Network in case of change due to any budgetary constraints and/or security and safety risk in carrying out road surveys.

2.04. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Member Country’s territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one (1) 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.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) The number of kilometers inspected and rated; and

(ii) The number of DPWH staff trained on the iRAP methodology, including video coding and assessment.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.06. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have the Project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. The audit of the Financial Statements shall cover the entire period of the Project. The audited Financial Statements shall be furnished to the World Bank not later than six (6) months after the closing date of the Project.

2.07. Procurement

(a) General. All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).
(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of shopping.

(ii) The following method, other than shopping may be used for procurement of goods for those contracts which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services 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.

(e) Review by the World Bank of Procurement Decisions. (i) 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: (A) each contract for goods estimated to cost the equivalent of $50,000 or more; (B) each contract for goods procured on the basis of Direct Contracting irrespective of value; (C) each contract for consultant services provided by a firm procured on the basis of Single Source Selection method irrespective of value; and (D) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $50,000 or more.

(ii) 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 $20,000 or more: (A) 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 World Bank for its prior review and approval; (B) the contract shall be awarded only after the World Bank’s approval shall have been given; and (C) the provisions of paragraph 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

(iii) The following prior review procedures shall apply to each contract for the employment of individual consultants to be selected on a sole source basis: (A) the qualifications, experience, terms of reference and conditions of employment of the consultants shall be furnished to the World Bank for its prior review and approval; (B) the contract shall be awarded only after the World Bank’s no objection shall have been given; and (C) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract. All other contracts shall be subject to Post Review by the World Bank.
Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ Services, Trainings and Workshops</td>
<td>235,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Administrative Costs</td>
<td>15,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>250,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this Section 3.01, (i) the term “Training and Workshops” means the costs associated with training and workshop participation of personnel involved in the implementation of the Project including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation; and (ii) “Administrative Costs” means the costs charged by iRAP to cover the administration of the Project, including costs associated with iRAP staff to do procurement, financial management and reporting under the Project.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2012.
Article IV
Recipient’s Representative; Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Chairman of iRAP.

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

- International Road Assessment Program
- Worting House
- Worting Road, Basingstoke, Hampshire
- RG23 8PX
- United Kingdom

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

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

<table>
<thead>
<tr>
<th>Cable:</th>
<th>Telex:</th>
<th>Facsimile:</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTBAFRAD</td>
<td>248423 (MCI) or</td>
<td>1-202-477-6391</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>64145 (MCI)</td>
<td></td>
</tr>
</tbody>
</table>