CONFORMED COPY

USAID | RWANDA
FROM THE AMERICAN PEOPLE

April 4, 2011

Mr. Johannes Zutt
Country Director, AFCE2
The World Bank
The Hill Park Building
Upper Hill Road, P.O. Box 30577
Nairobi, Kenya

Subject: Grant No. AID-696-IO-11-00001

Ref: Laud Husbandry, Water Harvesting, and Hillside Irrigation Project

Dear Mr. Zutt:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development ("USAID") hereby grants to the International Development Association (the "Grantee" or the "Bank"), an initial sum of $5,500,000 (Five and a Half Million U.S. Dollars) to support the Land Husbandry, Water Harvesting, and Hillside Irrigation ("LWH") Project (the "Grant"). The remainder of the total estimated Grant amount of $14,000,000 (Fourteen Million U.S. Dollars) will be provided in subsequent increments subject to the availability of funds. The LWH Project uses a modified watershed approach to introduce sustainable land husbandry measures for hillside agriculture on selected sites, as well as developing hillside irrigation for sub-sections of each site, as described in Attachment 1 (Schedule) and Attachment 2 (Program Description) of this Grant.

This Grant is effective and obligation is made as of the date of this letter and will apply to expenditures made by the Grantee in furtherance of Project objectives during the period beginning with the effective date and ending December 31, 2014. USAID will not be liable for reimbursing the Grantee for any costs in excess of the obligated amount.

This Grant is made to the Grantee on condition that the funds are administered in accordance with the terms and conditions as set forth in Attachment 1 (Schedule); Attachment 2 (Program Description); Attachment 3 (Excluded Expenditures) and Attachment 4 (Standard Provisions), all of which have been agreed to by your organization.

Please sign the original and all enclosed copies of this letter to acknowledge your receipt of the Grant, and return the original and all but one copy to me.

Sincerely yours,

/s/ Dennis Weller

"Dennis Weller
Mission Director

Attachments:
1. Schedule
2. Program Description
3. Excluded Expenditures
Grant No. AID-696-I0-11-00001

ACKNOWLEDGED:

INTERNATIONAL DEVELOPMENT ASSOCIATION

BY:  
/s/ Johannes Zutt
Mr. Johannes Zutt
Country Director, AFCE2
The World Bank

DATE:  
April 8, 2011

CC:  
Ms. Omowunmi Ladipo, Country Manager, Rwanda
Grant No. AID-696-IO-11-00001

A. GENERAL

1. Amount Obligated This Action: $ 5,500,000.00
2. Total Obligated Amount: $ 5,500,000.00
3. Total Estimated Amount: $14,000,000.00
4. Cost Sharing Amount (Non-Federal): $0.00
5. Strategic Objective No.: SO7 (Economic Growth Office)
6. Agreement Officer Technical Representative (AOTR): Brian Frantz

B. SPECIFIC

<table>
<thead>
<tr>
<th>ACCOUNTING AND APPROPRIATION DATA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requisition No.: REQ-696-11-000024</td>
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<tr>
<td>Accounting Template: 69609A18A074R091031</td>
</tr>
<tr>
<td>BBFY: 2009, 2010</td>
</tr>
<tr>
<td>EBFY: 2010, 2011</td>
</tr>
<tr>
<td>Fund: DV, DV-GFSI</td>
</tr>
<tr>
<td>OP: RWANDA</td>
</tr>
<tr>
<td>Program Area: A18</td>
</tr>
<tr>
<td>Dist Code: 696-M</td>
</tr>
<tr>
<td>Program Element: A074</td>
</tr>
<tr>
<td>BGA: 696</td>
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<tr>
<td>SOC: 410000, 4100202</td>
</tr>
<tr>
<td>Obligated Amount: $5,500,000.00</td>
</tr>
</tbody>
</table>

C. PAYMENT OFFICE

Controller’s Office
United States Agency for International Development
c/o United States Embassy, 2657 Avenue de la Gendarmerie
Kigali, Rwanda, Tel: +250(0)252 596 400
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ATTACHMENT 1- SCHEDULE

A. Purpose of Grant

The purpose of the grant to the International Development Association (the “Grantee” or the “Bank”) is to support the Land Husbandry, Water Management, and Hillside Irrigation (LWH) Project (the “Project”), which uses a modified watershed approach to introduce sustainable land husbandry measures for hillside agriculture on selected sites, as well as developing hillside irrigation for sub-sections of each site. The Project will have three components:

Component A: Capacity Development and Institutional Strengthening for Hillside Intensification. This component aims to develop the capacity of individuals and institutions for improved hillside land husbandry, stronger agricultural value chains and expanded access to finance.

Component B: Infrastructure for Hillside Intensification. This component will provide the essential ‘hardware’ for hillside intensification to accompany the capacity development and institutional strengthening activities of Component A.

Component C: Implementation through the Ministerial Sector-Wide Approach (SWAp) structure. This component aims to ensure that Project activities are effectively managed within the new SWAp structure for Ministerial implementation of programs and projects at the Ministry of Agriculture and Animal Resources (MINAGRI).

The Project is described in more detail in Attachment 2 to this Grant.

B. Period of Grant

The effective date of this Grant is the date indicated in the Grant Cover Letter. The expiration date of this Grant is December 31, 2014, except as the parties to this Grant may otherwise agree in writing.

Funds obligated hereunder are available for the finance of the Program for the estimated period from the date indicated in the Grant Cover Letter to December 31, 2014, as shown in the Grant Budget below.

C. Amount of Grant and Payment

1. The United States of America through its United States Agency for International Development (the “Donor”) (“USAID”) hereby obligates the sum of five and a half million U.S. dollars ($5,500,000) for its Grant to the Bank for the Project. The Grantee is not authorized to incur costs in excess of the obligated amount.

2. Subject to availability of funds, USAID’s total estimated contribution to the Project through this Grant will be fourteen million U.S. dollars ($14,000,000), which shall be provided in four increments, a first increment of $5,500,000, two equal increments of $4,000,000, and a final increment of $500,000.
3. Payment shall be made to the Grantee in accordance with the procedures set forth in Attachment 4 (the Standard Provisions).

D. Grant Budget

The following is the Grant Budget reflecting USAID’s contributions to the LWH Project. This Budget does not specify goods and services to be funded by the Grant. Revisions to this Budget shall be made in accordance with the Standard Provisions of this Grant entitled “Revision of the Grant Budget.”

<table>
<thead>
<tr>
<th>Date</th>
<th>Obligated Amount</th>
<th>Estimated Additional</th>
<th>Total Obligated And Estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2011</td>
<td>$5,500,000</td>
<td></td>
<td>$5,500,000</td>
</tr>
<tr>
<td>September 2011</td>
<td>$4,000,000</td>
<td></td>
<td>$4,000,000</td>
</tr>
<tr>
<td>September 2012</td>
<td>$4,000,000</td>
<td></td>
<td>$4,000,000</td>
</tr>
<tr>
<td>September 2013</td>
<td>$500,000</td>
<td></td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,500,000</strong></td>
<td><strong>$8,500,000</strong></td>
<td><strong>$14,000,000</strong></td>
</tr>
</tbody>
</table>

E. Administrative Fee

1. In lieu of indirect costs, the Grantee is permitted to recover Grant administration-specific expenses and other expenses incurred by the Bank related to the terms of this Grant through the application of an administrative fee. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this agreement, the Bank may retain a one-time account set-up fee of $35,000 and five percent (5%) of the amount of the Grant funds provided by the Donor for its own account. The fee for this Grant shall not exceed $310,000 (i.e., $35,000 set-up fee plus $275,000 [5% of $5,500,000]) against USAID’s initial obligation of $5,500,000. The same five percent (5%) fee, though not the $35,000 set-up fee, will be retained for each supplemental increment.

F. Reporting and Evaluation

1. Project oversight will take place through two mandatory Implementation Support Missions (formerly known as "supervision missions") per year. These missions provide a platform to review the Project’s: (a) progress on activities as per the annual work plan and budget, as well as any technical issues arising therein; (b) implementation of social and environmental safeguard policies; (c) financial management and procurement aspects; (d) staffing and institutional issues; and (e) own (Project Team) concerns and issues. Donors contributing to the Project will be invited to participate in Implementation Support Missions and shall be entitled to nominate experts for participation on those missions, subject to discussion and agreement with the World Bank Task Team Leader. Aide-memoires will be prepared for each mission, will be sent to donors contributing to the Project, and shall serve as the reporting on performance of the Project. Aide-memoires for Implementation Support Missions shall be sent to the USAID office responsible for monitoring the Grant:

Economic Growth Team  
United States Agency for International Development  
c/o United States Embassy  
2657 Avenue de la Gendarmerie
2. Half-way through the life of the Project, a Mid-Term Review (MTR) will be conducted. The MTR is a systematic assessment of implementation experience to date and progress in achieving the agreed performance indicators and can include an update of the economic analysis, a review of costing tables, and a revision of targets or objectives, if a review of the Project’s strategic direction indicates that this is necessary. Stakeholder consultation is critical to the MTR; therefore, in addition to the full participation of all donors contributing to the Project, the planning of the MTR, as with all Implementation Support Missions, will be fully coordinated with all critical stakeholders.

3. The Grantee shall prepare and submit a copy of the final report required by this grant to the Management Bureau/Office of the Chief Information Officer/Knowledge Management Division, Development Experience Clearinghouse. Documents may be submitted on-line at http://dec.usaid.gov/, or they may be mailed to:

USAID Development Experience Clearinghouse
M/CIO/KM
RRB M.01
U.S. Agency for International Development
Washington, DC 20523
USA

4. The title page of all reports forwarded to USAID must include a descriptive title, the author's name, grant number, the project number and title, the grantee's name, the name of the USAID office, and the publication or issuance date of the report.

G. Paying Office

The Paying Office is:

Controller's Office
United States Agency for International Development
c/o United States Embassy
2657 Avenue de la Gendarmerie
Kigali, Rwanda
Tel: +250 (0)252 596 400
H. **Special Provisions**

1. Because USAID will not be the sole contributor to the Project, USAID shall generally rely on the procurement and audit policies, guidelines, and practices of the World Bank. USAID contributions will be used to finance activities together with other financiers of the Project.

2. Except as USAID may otherwise agree in writing, funds provided under this Grant will only be expended for assistance to the Republic of Rwanda as a country eligible for assistance under the Foreign Assistance Act of 1961, as amended, or under acts appropriating funds for foreign assistance.

3. The Grant will be administered by the Bank on behalf of the Republic of Rwanda in accordance with the terms of this Grant.

4. The Grant shall be used for the purposes described in Attachment 2, which forms an integral part of this Grant. The Bank shall enter into a grant agreement (the “Grant Agreement”) with the Republic of Rwanda (the “Recipient”) regarding the provision of the Grant funds to the Recipient for such purposes. The Bank shall be solely responsible for the administration of the Grant Agreement and for the supervision of the Project and the activities financed by the Grant Agreement. The Bank shall furnish a copy of the Grant Agreement to the Donor. The Bank may disclose this Grant and information with respect to this fund in accordance with the Bank’s policy on the disclosure of information.

5. The Bank shall use the Grant funds to make payments in accordance with the Grant Agreement and in a manner consistent with the Bank’s procedures for disbursements, subject to the exception that expenditures in the currency of the Recipient or for goods and services supplied from the territory of the Recipient are not excluded expenditures. U.S. foreign assistance provided under this Grant Agreement shall not be used for the payment of foreign taxes. “Foreign taxes” refer to levies, duties, and taxes imposed by the Recipient.

6. The first increment of the Donor contribution will be made to the Bank as a single payment, as will subsequent increments of said Grant. Upon: (a) full execution of this agreement by the Donor and the Bank; (b) presentation of payment request; and (c) an executed SF-270 Form, “Request for Advance or Reimbursement”, the USAID Controller will process the payment and shall deposit the respective increment of said Grant into the Bank Account identified in the SF-270.

7. When making such payment, the Donor will instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is by the Donor for TF No. 071521 – for the Land Husbandry, Water Harvesting, and Hillside Irrigation Project for the Republic of Rwanda and the date of deposit. In addition, the Donor will send a copy of their deposit instruction to the Bank’s Trust Funds Accounting Division by e-mail to “tremittanceadvice@worldbank.org” or by fax to (202) 614-1315.

8. The grantee shall submit a “Financial Status report” (SF-425) with each request for payment specified in Paragraph C of the Schedule (Amount of the Grant and Payment), to
the paying office specified in the grant letter. The report shall show disbursements, advances received, and any cash remaining on hand for the period covered by the report. Within 90 days following the expiration of the grant, the grantee shall submit a SF-425 showing total disbursements, total advances received, and any cash remaining on hand, which will be refunded to USAID.

9. The Bank shall provide the Donor within six months following the end of each Bank’s fiscal year a management assertion together with an attestation from the Bank’s external auditors on the satisfactory performance of the procedures and controls used by the Bank in administering such funds. The costs of such attestations shall be borne by the Bank.

10. The Bank and the Donor shall consult each other from time to time, at the request of either party, on all matters arising out of this Grant, and the Bank shall keep the Donor informed of the progress and results of the Project. Subject to the consent of the Recipient, representatives of the Donor shall be invited to participate in Bank missions related to the Project and/or the Grant Agreement. The Bank shall promptly inform the Donor of any significant modification to the terms of the Grant Agreement and of any contractual remedy that is exercised by the Bank under the Grant Agreement. To the extent practicable, the Bank shall afford the Donor the opportunity to exchange views before effecting any such modification or exercising any such remedy.

11. Upon termination of this Grant, unless the parties hereto agree on another course of action:

   (a) the Grant Agreement shall terminate at the same time and in accordance with the relevant provision set forth in Attachment 4 to this Schedule, namely “Termination Procedures (December 2003)”; and

   (b) the Bank shall return to the Donor the balance of Grant funds in the T-Account. The Bank shall also furnish to the Donor a final report on the Project and a final unaudited financial statement with respect to such funds. Upon the return of such funds and the provision of such report and financial statement, the Bank’s functions pursuant hereto shall be considered terminated.

The Bank office responsible for coordination of all matters related to the implementation of this Grant is:

The World Bank  
Rwanda Country Office  
SORAS Building  
P.O. Box 609  
Kigali, Rwanda

Tel: +250 591 300  
Fax: +250 576 385
ATTACHMENT 2 – PROGRAM DESCRIPTION

Description of Activities and Expenditures under the Grant for the Land Husbandry, Water Harvesting, and Hillside Irrigation Project

1. Purposes and Objectives

The agriculture sector serves as the principal source of employment for nearly 80 percent of Rwanda’s labor force, 90 percent of which is classified as subsistence farmers, a reflection of the low level of agricultural productivity. Most arable land is on hillsides, with over 40 percent on slopes steeper than 28 degrees, and it is estimated that between 39 and 51 percent of agricultural land in the country is already moderately or severely degraded. Given the dependence of Rwanda’s agricultural sector on rainfall, climatic shocks and increasingly variable rainfall will place the sector in a more vulnerable position.

To address such challenges in raising agricultural productivity, the Bank, in close collaboration with the Recipient, designed the Land Husbandry, Water Harvesting, and Hillside Irrigation Project. This Grant is made to finance part of the Project, as agreed between USAID and the Bank. The Project is to support the Recipient’s Ministry of Agriculture and Animal Resources (MINAGRI) in applying a modified watershed approach to introduce sustainable land husbandry measures for hillside agriculture on selected sites, as well as developing hillside irrigation for sub-sections of each site. The Project will be implemented by MINAGRI.

2. Use of Contribution Funds: Program and Activities to be Financed

Donor Grants, including the Grant, will be used exclusively for facilitating the carrying out of activities covered by the LWH Project in Rwanda (Project ID P114931), as defined in the Project Appraisal Document, including the following components:

A: Capacity Development and Institutional Strengthening for Hillside Intensification

The objective of Component A is to develop the capacity of individuals and institutions for improved hillside land husbandry, stronger agricultural value chains and expanded access to finance. Using a value chain approach to achieve the Project’s development objective, Component A covers the capacity development and institutional strengthening for both production and marketing, including the access to finance issues that can constrain both. Component A includes four sub-components: Strengthening Farmer Organizations; Extension; Marketing and Finance; and Capacity Development and Institutional Strengthening: MINAGRI and its Agencies. This component will finance technical assistance, training workshops and meetings, surveys and studies, works related to post-harvest infrastructure, and goods.

B: Infrastructure for Hillside Intensification

The objective of this component is to provide the essential ‘hardware’ for hillside intensification to accompany the capacity development and institutional strengthening activities of Component A. Its three sub-components are organized around the L, the W, and the H of LWH: (i) Land husbandry infrastructure supports the development of participatory
and comprehensive land husbandry practices throughout the sub-watershed to improve productivity for rain fed and irrigated areas; (ii) Water harvesting infrastructure, including valley dam and reservoirs; and (iii) Hillside irrigation infrastructure, including the development of the water conveyance structures for hillside irrigation. With the exception of a few very large sub-watersheds, the average size for potential LWH sites identified so far is about 500 ha, although sites can range from 280 ha to 1700 ha depending on the catchment potential.

Actual site selection is guided by the common criteria for selection developed as part of the Common Framework for Engagement (CFE) and includes variables identified as key by Bank experience in irrigation elsewhere in the world. These include: (i) social criteria; (ii) economic criteria; and (iii) technical and environmental criteria, including the level of environmental impact on the watershed and on downstream marshlands. Then, in determining the precise package of interventions per site, an option assessment will be conducted, both with respect to the exact location of the hillside infrastructure and to the technologies that will be developed. Beneficiaries include female and male smallholder farmers producing either irrigated or (in majority) rain fed crops within the project sites. This component will finance civil works, technical assistance, surveys and studies, and goods.

C: Implementation through the Ministerial SWAp Structure

The objective of Component C is to ensure that Project activities are effectively managed within the new SWAp structure for Ministerial implementation of programs and projects at MINAGRI. With the very recent restructuring of MINAGRI – both as part of a Government-wide rationalization and to facilitate the implementation of the agricultural sector’s nascent SWAp – the World Bank is committed to helping MINAGRI effectively manage and implement its programs and projects without the creation of new project implementation units. The activities of this component are, therefore, structured around implementation of the Government’s LWH program in line with the SWAp implementation framework proposed by MINAGRI. The PAPSTA project, implemented by the International Fund for Agricultural Development (IFAD), has undertaken extensive diagnostic of MINAGRI with respect to its SWAp implementation capacity and actively informed the SWAp implementation framework to be supported by the Project.

The Project will finance activities that support SWAp implementation of LWH, including: (i) financing, in the immediate term, (and in coordination with PAPSTA) a portion of the central and decentralized personnel required to implement Program 1 activities (i.e. LWH) under the new structure; and (ii) assisting MINAGRI with the implementation of the new SWAp structure, including rigorous monitoring and evaluation and management information systems and in their coordination with other essential line ministries (e.g. MINIRENA). See Annex 6 of the Project Appraisal Document (PAD) for details on the implementation arrangements under the new SWAp structure at MINAGRI. This component will finance technical assistance, training workshops and meetings, surveys and studies, and goods (including vehicles).
3. **Illustrative Budget**

An illustrative project budget is provided in Table 2-3 below. Changes to the project budget shall be made in accordance with the Bank’s standard procedures for making such changes. If necessary, the project budget can be amended at the same time as revisions are made to the Grant Budget (Section D of the Schedule) in accordance with the Standard Provisions of this Grant entitled “Revision of the Grant Budget.”

**Table 2-3**

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<thead>
<tr>
<th>USAID Financing</th>
<th>USS (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By Component</strong></td>
<td></td>
</tr>
<tr>
<td>A. Capacity Development and Institutional Strengthening for Hillside Intensification</td>
<td>4.9</td>
</tr>
<tr>
<td>B. Infrastructure for Hillside Intensification</td>
<td>7.6</td>
</tr>
<tr>
<td>C. Implementation through the Ministerial SWAp Structure</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14.0</strong></td>
</tr>
</tbody>
</table>

| **By Expenditure Category**                          |                |
| Civil Works                                          | 4.5            |
| Goods                                                | 1.0            |
| Consultant Services                                  | 4.7            |
| Training                                             | 2.4            |
| Operating Costs                                      | 0.4            |
| Unallocated                                          | 1.0            |
| **Total**                                            | **14.0**       |

1 For detailed descriptions of components and sub-components see Annex 4 of the PAD.
ATTACHMENT 3 – EXCLUDED EXPENDITURES

The proceeds from the Project shall not be used to finance any of the following expenditures:

1. Expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank shall have financed or agreed to finance, or which the Bank shall have financed or agreed to finance under a credit, a loan, or a grant;

2. Expenditures for goods included in the following groups or subgroups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by IDA by notice to the Recipient:

<table>
<thead>
<tr>
<th>Group</th>
<th>Subgroup</th>
<th>Description of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td></td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td></td>
<td>Tobacco, unmanufactured, tobacco refuse</td>
</tr>
<tr>
<td>122</td>
<td></td>
<td>Tobacco, manufactured (whether or not containing tobacco substitutes)</td>
</tr>
<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated materials</td>
</tr>
<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and semiprecious stones, un worked or Worked</td>
</tr>
<tr>
<td>718</td>
<td>718.7</td>
<td>Nuclear reactors, and parts thereof; fuel elements (Cartridges), non-irradiated, for nuclear reactors</td>
</tr>
<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or platinum group metals (except Watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)</td>
</tr>
<tr>
<td>971</td>
<td></td>
<td>Gold, non-monetary (excluding gold ores and concentrates)</td>
</tr>
</tbody>
</table>

3. Expenditures for goods or services intended for (i) a military or paramilitary purpose, (ii) the financing of police activities, or (iii) luxury consumption;

4. Expenditures for environmentally hazardous goods (for purposes of this paragraph the term “environmentally hazardous goods” means goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party);
Grant No. AID-696-IO-11-00001

a. Recognizing the obligations of the United States and other member countries under various United Nations Security Council Resolutions to take measures to prevent financing of terrorists, the Bank undertakes to use reasonable efforts, consistent with the Bank’s Articles of Agreement and policies, including those pertaining to combating financing for terrorists, to ensure that the funds provided under this grant agreement are used for their intended purposes and are not diverted to terrorists or their agents.

b. The Bank will use the funding provided by USAID under this agreement solely for the purpose of providing grants to the recipients identified herein. The Bank will include a provision in each the grant agreement between the Bank and each the such Recipient that the Recipient (i) will not use the proceeds of the grant for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient’s knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions, and (ii) will include a corresponding provision in any sub-grant agreements that the Recipient enters into with entities to which the Recipient makes the grant funding available.

11. FOREIGN GOVERNMENT DELEGATIONS TO INTERNATIONAL CONFERENCES (January 2002)

Funds in this agreement may not be used to finance the travel, per diem, hotel expenses, meals, conference fees, or other conference costs for any member of a foreign government’s delegation to an international conference sponsored by a public international organization, except as provided in the ADS Mandatory Reference “Guidance on Funding Foreign Government Delegations to International Conferences or as approved by the Agreement Officer.”
unexpended USAID funds that are not otherwise obligated by a legally binding transaction applicable to this grant. If the funds paid by the government to the grantee before the effective date of termination are not sufficient to cover the grantee's obligations under a legally binding transaction, the grantee may submit a written claim for such amount to the government within 90 days after the effective date of termination. The Agreement Officer will determine the amount(s) to be paid by the government to the grantee under such claim in accordance with the "Allowable Costs" provision of this grant.

8. AUDIT AND RECORDS (STANDARD) (DECEMBER 2003)

The grantee is required to maintain books, records, documents, and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant. The grantee confirms that this program will be subject to an independent audit in accordance with the Grantee's usual auditing procedures, and agrees to furnish copies of these audit reports to USAID along with such other related information as may be reasonably requested by USAID with respect to questions arising from the audit report.

9. PAYMENT (PERIODIC ADVANCE) (DECEMBER 2003)

a. Periodic advances will be limited to the minimum amounts needed to meet the recipient's current disbursement needs and must be scheduled so that the funds are available to the grantee as close as is administratively feasible to the actual disbursements by the grantee for program costs. Cash advances made by the grantee to secondary recipients or the grantee's field organizations must conform substantially to the same standards of timing and amount as apply to cash advances by USAID to the grantee.

b. The grantee may submit requests for advances (using an SF-270, Request for Advance or Reimbursement) no more than once monthly to the paying office specified in the grant letter. Requests must state the estimated disbursements to be made during the period covered by the request, less the estimated balance of cash on hand at the beginning of the period and the advance amount being requested.

c. The grantee must submit an SF-425, Financial Status Report, quarterly, no later than 30 days after the end of the period, to the paying office specified in the grant letter. The report must show disbursements, advances received, and any cash remaining on hand for the period covered by the report. Within 90 days following the expiration of the grant, the grantee must submit an SF-425 showing total disbursements, total advances received, and any cash remaining on hand, which the grantee must refund to USAID.

d. If at any time the USAID Controller determines that the grantee has demonstrated an unwillingness or inability to (i) establish procedures that will minimize the time elapsing between cash advances and the disbursement thereof, (ii) report cash disbursements and balances in a timely manner as required by the terms of the grant, or (iii) impose the same standards of timing of advances and reporting on any sub-recipient or any of the grantee's overseas field organizations, the USAID Controller will advise the Agreement Officer, who may suspend or revoke the advance payment procedure.

10. TERRORIST FINANCING
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a. Recognizing the obligations of the United States and other member countries under various United Nations Security Council Resolutions to take measures to prevent financing of terrorists, the Bank undertakes to use reasonable efforts, consistent with the Bank’s Articles of Agreement and policies, including those pertaining to combating financing for terrorists, to ensure that the funds provided under this grant agreement are used for their intended purposes and are not diverted to terrorists or their agents.

b. The Bank will use the funding provided by USAID under this agreement solely for the purpose of providing grants to the recipients identified herein. The Bank will include a provision in each the grant agreement between the Bank and each the such Recipient that the Recipient (i) will not use the proceeds of the grant for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient’s knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions, and (ii) will include a corresponding provision in any sub-grant agreements that the Recipient enters into with entities to which the Recipient makes the grant funding available.

11. FOREIGN GOVERNMENT DELEGATIONS TO INTERNATIONAL CONFERENCES (January 2002)

Funds in this agreement may not be used to finance the travel, per diem, hotel expenses, meals, conference fees, or other conference costs for any member of a foreign government’s delegation to an international conference sponsored by a public international organization, except as provided in the ADS Mandatory Reference “Guidance on Funding Foreign Government Delegations to International Conferences or as approved by the Agreement Officer.”