Global Road Safety Phase 2
Multi-Donor Trust Fund
Grant Agreement

(Road Safety Support Project)

between

NEPAL

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the
Global Road Safety Phase 2 Multi-Donor Trust Fund

Dated  

JUNE 9 , 2015
GLOBAL ROAD SAFETY PHASE 2 MULTI-DONOR TRUST FUND
GRANT AGREEMENT

AGREEMENT dated JUNE 5, 2015, entered into between: NEPAL ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION (collectively, "World Bank"), acting as administrator of the Global Road Safety Phase 2 Multi-Donor Trust Fund ("Grant Agreement").

The Recipient and the World Bank hereby agree as follows:

Article I
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 in this Appendix to 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 the Project through the Ministry of Physical Infrastructure and Transport, particularly the Department of Roads, in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to seven million four hundred seventy thousand Dollars ($7,470,000) (“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
Remedies of the World Bank

4.01 The Additional Event of Suspension consists of the following, namely that an event has occurred which makes it improbable that any part of the Road Sector Development Project that relates to the activities financed or to be financed under the Project will be carried out.

Article V
Recipient’s Representative; Addresses

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Secretary of the Ministry of Finance.

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

Ministry of Finance
Government of Nepal
Singha Durbar
Kathmandu
Nepal

Facsimile:

977-1-421-1164
5.03. 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: INTBAFRAD Telex: 248423 (MCI) or 1-202-477-6391  
Telex: INTBAFRAD Telex: 64145 (MCI)  
INDEVAS Washington, D.C.  
INDEVAS Washington, D.C.  

AGREED at Kathmandu, Nepal, as of the day and year first above written.

NEPAL  

By  

Authorized Representative  

Name: Madhu Kumar Marasini  
Title: Joint Secretary  

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
and  
INTERNATIONAL DEVELOPMENT ASSOCIATION acting as administrator of the Global Road Safety Phase 2 Multi-Donor Trust Fund  

By  

Authorized Representative  

Name: Takuya Kamata  
Title: Country Manager.
SCHEDULE 1

Project Description

The objectives of the Project are to reduce the risk of roadway departure crashes on selected sections of the roads targeted under the Recipient’s Road Sector Development Project and to strengthen the Recipient’s capacity for improving road safety.

The Project consists of the following parts:

A. Capacity Strengthening for Implementation of Road Safety Action Plan

Strengthening capacity for implementation of Road Safety Action Plan, including through: (1) operationalization of the Nepal Road Safety Council and Secretariat; (2) development of related legislation, regulation, and skills; and (3) carrying out of small-scale road-safety pilots to identify promising initiatives for future scale-up.

B. Improving Physical Safety of Road Sector Development Project Roads

Installation of approximately 70,000 meters of crash barriers in high-risk sections of roads targeted under the Road Sector Development Project, and ancillary activities, such as site and quality inspections, monitoring, contract supervision, engineering, and technical audits.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall be responsible for Project management, implementation, and monitoring and evaluation in accordance with the arrangements set forth below, and, to this end, shall maintain throughout Project implementation the entities referred to in paragraphs 2 and 3 of this Part A, with an institutional framework, functions, and resources, including competent personnel in adequate numbers, satisfactory to the World Bank.

Planning Branch and Nepal Road Safety Council and Secretariat

2. The Recipient shall be responsible for the management, implementation, and monitoring and evaluation of Part A of the Project through the Planning Branch, and following operationalization of the Nepal Road Safety Council and Secretariat, said Council and Secretariat.

Road Sector Development Project Coordination Team and Foreign Cooperation Branch

3. The Recipient shall be responsible for the management, implementation, and monitoring and evaluation of Part B of the Project through the Road Sector Development Project Coordination Team, and following closure of said Team, the Foreign Cooperation Branch.

B. Annual Work Programs and Budgets

1. The Recipient shall:

   (a) furnish to the World Bank for review as soon as available, but in any case not later than sixty (60) days prior to the beginning of each Fiscal Year, the annual work program and budget for the Project for each subsequent Fiscal Year of Project implementation, of such scope and detail as the World Bank shall have reasonably requested, except for the annual work program and budget for the Project for the first Fiscal Year (or part thereof) of Project implementation, which shall be furnished not later than one (1) month after the date of this Agreement; and

   (b) thereafter ensure that the Project is carried out in accordance with such program and budget as agreed with the World Bank.
2. Without limitation on the preceding paragraph, the Recipient shall ensure that each annual work program and budget includes an adequate allocation of the Recipient's own funds to the periodic maintenance of its strategic highway and feeder road network.

C. Technical Audits

The Recipient shall: (1) not later than six (6) months after the date of this Agreement, submit for approval to the World Bank terms of reference, satisfactory to the World Bank, for the carrying out of technical audits of at least twenty percent (20%) of the works ongoing and completed under the Project in each Fiscal Year; and (2) thereafter arrange for an independent agency acceptable to the World Bank to carry out such audits in each Fiscal Year in accordance with such terms of reference and on a timetable satisfactory to the World Bank.

D. Contractor and Consultant Performance

The Recipient shall: (1) in the course of each Fiscal Year of Project implementation, carry out, in accordance with the provisions of the Public Procurement Act and associated regulations, performance evaluations of contractors and consultants employed under the Project; and (2) by the end of the first quarter of the following Fiscal Year, submit a consolidated report of such evaluations, including a description of actions taken against any contractor or consultant whose performance was evaluated to be less than satisfactory.

E. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Safeguards Instruments, and, except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive the Safeguards Instruments or any of their provisions.

2. In the event of a conflict between the provisions of any of the Safeguards Instruments and those of this Agreement, the latter shall govern.

3. The Recipient shall, for the purpose of road improvement Subprojects, and prior to the award of any contract for the implementation thereof, carry out a screening of each such Subproject for potential environmental and social impacts in accordance with the provisions of the Environmental and Social Management Framework and the Vulnerable Community Development Framework, and have any Environmental Management Plans and Vulnerable Community Development Plans required under said Frameworks:

(a) prepared in form and substance satisfactory to the World Bank;
(b) submitted to the World Bank for review and approval; and

(c) thereafter adopted and locally disclosed.

4. The Recipient shall ensure that any contract for works under the Project includes the obligation of the contractor to implement the applicable Safeguards Instruments.

5. Without limitation upon its other reporting obligations under Section II.A.1 of this Schedule, the Recipient shall take all measures necessary to regularly collect and compile, and submit to the World Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, providing details of:

(a) measures taken in furtherance of said Instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said Instruments; and

(c) remedial measures taken or required to be taken to address such conditions.

6. The Recipient shall ensure that no activities to be implemented under road improvement Subprojects involve land acquisition or Involuntary Resettlement.

F. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

G. 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 Donors’ 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 Donors 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

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 the indicators set forth in the Results Framework. Each Project Report shall cover the period of one trimester, 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 and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each trimester, interim un-audited financial reports for the Project covering the trimester, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 of the Standard Conditions. Each 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, 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 of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014)
("Procurement Guidelines") in the case of goods, works, and non-consulting services, and Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Consultant Guidelines") in the case of consultants’ services; and

(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, Works, and Non-consulting Services

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

2. Other Methods of Procurement of Goods, Works, and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works, and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding under the Public Procurement Act and associated regulations, subject to the additional provisions set forth below; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the World Bank.

(i) Only model bidding documents for National Competitive Bidding agreed with the World Bank (as amended from time to time), including qualification criteria, shall be used.

(ii) Bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee.

(iii) Foreign bidders shall not be precluded from bidding, and no preference of any kind shall be given to national bidders.
(iv) Bids shall be opened in public in one place, immediately after the deadline for the submission of bids.

(v) Qualification criteria (in case pre-qualification is not carried out) shall be stated in the bidding documents, and if a registration process is required, a foreign firm declared as the lowest evaluated substantially responsive bidder shall be given a reasonable opportunity of registering, without let or hindrance.

(vi) Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format and specified period agreed with the World Bank, and contracts shall be awarded to the lowest evaluated bidders.

(vii) Rebidding shall not be carried out without the prior concurrence of the World Bank.

(viii) Extension of bid validity shall not be allowed without the prior concurrence of the World Bank: (A) for the first request for an extension if it is longer than four (4) weeks; and (B) for all subsequent requests for an extension irrespective of the period.

(ix) There shall not be any restrictions on the means of delivery of the bids.

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 which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of Individual Consultants; and (g) 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

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 one hundred percent (100%) of Eligible Expenditures consisting of goods, works, non-consulting services, consultants’ services, Training, and Operating Costs, inclusive of Taxes.

B.  Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is July 15, 2016.
APPENDIX

Definitions


2. "Baitadi" means the Recipient’s administrative subdivision of such name in the west of its territory, or any successor thereto.

3. "Beneficiary Districts" means, collectively, the districts of Baitadi, Dailekh (as hereinafter defined), Darchula (as hereinafter defined), Kalikot (as hereinafter defined), and Surkhet (as hereinafter defined).

4. "Dailekh" means the Recipient’s administrative subdivision of such name in the west of its territory, or any successor thereto.

5. "Darchula" means the Recipient’s administrative subdivision of such name in the west of its territory, or any successor thereto.

6. "Department of Roads" means the department of the Ministry of Physical Infrastructure and Transport (as hereinafter defined) responsible for roads, or any successor thereto.

7. "Environmental and Social Management Framework" means the Recipient’s framework, dated June 2014, setting forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental and social impacts of activities to be implemented under the Project, and including the Vulnerable Community Development Framework (as hereinafter defined) and guidelines and procedures for the preparation of Environmental Management Plans (as hereinafter defined), as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes, appendices, or schedules to such framework.

8. "Environmental Management Plans" means the Recipient’s plans, to be prepared pursuant to the Environmental and Social Management Framework and agreed with the World Bank, setting forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of activities to be implemented under road improvement Subprojects, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes, appendices, or schedules to such plan.
9. "Fiscal Year" means the twelve (12)-month period corresponding to any of the Recipient's fiscal years, which period commences July 15 and ends July 14 of each calendar year.

10. "Foreign Cooperation Branch" means the branch of the Department of Roads responsible for foreign cooperation, or any successor thereto.

11. "Involuntary Resettlement" means the following, caused on account of Project implementation: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihood of the affected person.

12. "Kalikot" means the Recipient's administrative subdivision of such name in the west of its territory, or any successor thereto.

13. "Ministry of Physical Infrastructure and Transport" means the Recipient's ministry responsible for physical infrastructure and transport, or any successor thereto.

14. "Nepal Road Safety Council and Secretariat" means the Recipient's council and secretariat, to be operationalized under Part A of the Project and to be responsible for overarching coordination of road safety improvement initiatives in the territory of the Recipient, or any successor thereto.

15. "Operating Costs" means the reasonable costs of incremental expenditures under the Project, incurred by the Recipient on the basis of the annual work programs and budgets referred to in Section I.B.1 of Schedule 2 to this Agreement as approved by the World Bank for purposes of Project management, implementation, and monitoring and evaluation, on account of utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, domestic travel and subsistence, and salaries and salary supplements of contractual and temporary staff, but excluding salaries and salary supplements of members of the Recipient's civil service.

16. "Planning Branch" means the branch of the Department of Roads responsible for planning, or any successor thereto.

17. "Procurement Plan" means the Recipient's procurement plan for the Project, dated November 25, 2014 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall
be updated from time to time in accordance with the provisions of said paragraphs.


19. “Results Framework” means the Recipient’s framework, dated January 22, 2015 and agreed with the World Bank, setting forth the indicators and targets for purposes of monitoring and evaluation of the Project, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes, appendices, or schedules to such framework.

20. “Road Safety Action Plan” means the Recipient’s plan, dated February 2013 and covering the period from 2013-20, setting forth road-safety actions for the improvement and management of road safety in an integrated manner.

21. “Road Sector Development Project” means the project whose objective is for residents of the Beneficiary Districts to have all-season road access, thereby reducing travel time and improving access to economic centers and social services, and described in Schedule 1 to the Financing Agreement dated March 4, 2011 between the Recipient and the International Development Association for the Additional Financing for the Road Sector Development Project (credit numbers IDA-5002-NP and IDA-4832-NP, and grant number IDA-H629-NP).

22. “Road Sector Development Project Coordination Team” means the team under the Foreign Cooperation Branch responsible for the management, implementation, and monitoring and evaluation of the Road Sector Development Project, or any successor thereto.

23. “Safeguards Instruments” means, collectively, the Environmental and Social Management Framework (including the Vulnerable Community Development Framework), any Environmental Management Plans and any Vulnerable Community Development Plans (as hereinafter defined).

24. “Subproject” means one (1) or more contract packages under the Project, grouped together for procurement purposes.

25. “Surkhet” means the Recipient’s administrative subdivision of such name in the west of its territory, or any successor thereto.

26. “Training” means the cost of training financed under the Project, incurred on the basis of the annual work programs and budgets referred to in Section I.B.1 of Schedule 2 to this Agreement as approved by the World Bank, attributable to seminars, study tours, and workshops, along with the cost of domestic and
international travel and subsistence for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation.

27. "Vulnerable Communities" means social groups disadvantaged in the development process.

28. "Vulnerable Community Development Framework" means the Recipient's framework, part of the Environmental and Social Management Framework, setting forth the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to ensure meaningful consultation with, and the informed participation of, Vulnerable Communities in the Project area who are affected by the Project, and guidelines and procedures for the preparation of Vulnerable Community Development Plans, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes, appendices, or schedules to such framework.

29. "Vulnerable Community Development Plans" means the Recipient's plans, to be prepared pursuant to the Vulnerable Community Development Framework and agreed with the World Bank, setting forth arrangements to address any adverse impacts of road improvement Subprojects on Vulnerable Communities and ensure culturally appropriate economic and social benefits for such Communities, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes, appendices, or schedules to such plans.