Mr. Amagoin Keita
Country Director
SNV Ghana
10 Maseru Road, East Legon Residential Area
Accra
Republic of Ghana

Japan Social Development Fund (JSDF)
Grant for Results Based Financing for Sustainable Sanitation and Hygiene
Project Grant No. TF 014620

Dear Mr. Keita:

In response to the request for financial assistance made on behalf of the SNV Netherlands Development Organisation ("SNV" or the "Recipient"), and a decision confirmed through a letter from Mr. N. L. Demedeme, Acting Director, on behalf of the Minister of Local Government and Rural Development, Republic of Ghana ("Member Country"), dated April 19, 2013, to appoint SNV Ghana as the grant recipient on behalf of the Member Country. In reply to this confirmation from the Member Country, I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), as administrator of grant funds provided by Japan ("Donor") under the Japan Social Development Fund, proposes to extend to the Recipient, for the benefit of the Member Country, a grant in an amount not to exceed two million eight hundred fifty thousand United States Dollars (U.S.$ 2,850,000) ("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 from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), 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.

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 with 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 copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement by ninety (90) days, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT
ASSOCIATION

Yusupha B. Crookes
Country Director for Ghana
Africa Region

AGREED:

SNV Netherlands Development Organisation
(acting through its SNV Ghana)

By

Authorized Representative
Name: Mr. Amagoin Keita
Title: Country Director for Ghana
Date: 28-08-2013

Enclosures:

2. Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions


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, and the following additional terms have the following meanings:

(a) "Affected Person" means a person, or group of persons who, on account of the execution of the Project, experience direct adverse economic and social impacts caused by the involuntary taking of land resulting in: (a) relocation or loss or shelter; (b) loss of assets or access to assets, totally or partially; or (c) loss of income sources or means of livelihood, whether or not such person must move to another location, and "Affected Persons" means more than one Affected Person.

(b) "Establishment and Operating Agreement" means the agreement between the Ministry of Foreign Affairs, Republic of Ghana, and the SNV Netherlands Development Organization, dated June 2, 2007, for SNV Ghana to establish and operate as a non-governmental organization for the development of sanitation and hygiene services in the territory of the Member Country.

(c) "CLTS" means community led total sanitation.

(d) "BCC" means behavioral change communication.

(e) "ESMF" means the Recipient’s environmental and social management framework document dated May 2013, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental and social assessments and management plans under the Project, and such term includes any schedule and/or annex to said framework.

(f) "RPF" means the Recipient’s resettlement planning framework document dated May 2013, setting forth the modalities for the compensation, resettlement and rehabilitation of Affected Persons, acceptable to the World Bank, and such term includes any schedules and/or annexes to said framework.

(g) "SNV" and the “Recipient” means the SNV Netherlands Development Organisation, a non-profit organization, registered at The Hague, Netherlands, through a registration No. 41152786, dated July 16, 1965, and operating in the territory of the Member Country, through its branch office as “SNV Ghana.”, with an Establishment and Operating Agreement signed between the Ministry of Foreign Affairs, Republic of Ghana, and SNV Netherlands Development Organization.

(h) "SLTS" means school led total sanitation.
(i) “Training” means training conducted in the territory of the Member Country, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.

(j) “Operating Costs” means operating costs required for the Project including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, but excluding salaries of officials of the Member Country’s civil service.

(k) “WASH” means water, sanitation and hygiene.

(l) “World Bank Safeguard Policies” means the Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.36, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to improve the sanitation and hygiene practices of an estimated 112,500 poor and vulnerable persons in four districts of northern Ghana.

The Project consists of the following parts:

Part 1: Implementation of CLTS and SLTS

Implementation of CLTS and SLTS initially in four (4) selected districts and subsequent replicating in other districts within the northern region of Ghana, through carrying out the following activities:

(a) Supporting selected local partner organizations ("LPOs") and district assemblies of the Recipient to improve the knowledge base of rural WASH strategies, including CLTS and SLTS, through training and initial assessment of their capacities for community services.

(b) Supporting the selected communities and schools for an improved sanitation, through: (i) carrying out BCC approach, CLTS, and SLTS; and (ii) encouraging these communities to use and own such facilities.

(c) Supporting the selected communities to appraise the sanitation status with particular reference to a number of households and schools with latrines, functionality of facilities, alternative areas of defecation, and to monitor the attainment of sanitation targets.

(d) Supporting the communities to draw action plan to address sanitation challenges in their community and home.
Part 2: Investing in Household Latrines and Provision of Waste Collection Bins

Supporting the construction of latrines and provision of waste collection bins within the RBF framework, through carrying out the following activities:

(a) Baseline data collection of sanitation and facilitating formulation of community plan of actions.

(b) Enhancing the role of selected LPOs in: (i) related skills of latrine construction and waste collection and to fill in the gap of low technical capability of households and schools; and (ii) providing support to small scale sanitation entrepreneurs to set up centers of access to latrine infrastructure facilities by the communities.

(c) Setting up village saving and loan associations and microcredit schemes to provide microcredit and insurance for the general development of selected community households to start their own latrines and for other sanitation related facilities, including, *inter alia*: waste bins, urinal, and hand washing facilities, waste disposal sites and for subsequent maintenance of sanitation facilities.

(d) Development of low cost sanitation technology options, creating and strengthening existing sanitation supply chains, through the promotion of social marketing techniques.

(e) Building latrines and providing waste collection bins.

Part 3: Investing in School sanitation and Hygiene facilities in Schools

Supporting the construction of latrines and provision of waste collection bins within the RBF framework for 16 schools, through carrying out the following activities:

(a) Trained teachers in CLTS with support of LPOs to promote sanitation and hygiene behaviors in schools including safe disposal of wastes and handwashing, with LPOs supervising the construction and ultimate use of facilities under the RBF concept.

(b) Baseline data collection of sanitation status in schools and drawing of action plans.

(c) Design and construction of gender sensitive pre-school and school toilets and urinals according to population of school, gender disparity, and age of children.

(d) Provision of waste bins and hand washing facilities to schools.


(a) Monitoring and Evaluation, and Knowledge Dissemination:
(i) Carrying out monitoring and evaluation, and knowledge dissemination activities to set up mechanisms for monitoring progress and readjustment of action plans on the RBF concept.

(ii) Capacity building of selected communities on social accountability, assessment/monitoring by using simple accountability tools, and participatory monitoring to promote ownership and sustainability, and provide feedback to correct deficiencies during Project implementation.

(iii) Carrying out sample baseline assessment analysis of target communities to confirm demand and identify gaps in sanitation needs.

(iii) Documentation and dissemination of field experiences and insights to improve tools, policies and practice in the WASH sector.

(iv) Prepare Project progress reports, document progress through monitoring indicators, and prepare an implementation completion report for the Project, incorporating results from the final evaluation survey.

(b) Project Management:

Carrying out Project management and administration through the provision of Operating Cost.

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: (a) the provisions of 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. Environmental and Social Safeguards. The Recipient shall carry out Part 1 and Part 2 of the Project in accordance with the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF), respectively, including the guidelines, rules and procedures defined in said ESMF and RPF, specifically required the following actions be taken in a manner acceptable to the World Bank:

(a) if an environmental management plan or similar safeguard instrument would be required for any activity under Part 1 and Part 2 of the Project on the basis of the ESMF: (i) such environmental management plan or similar safeguard instrument shall be prepared in accordance with the requirements of the ESMF, disclosed locally and furnished to the World Bank for approval.

(b) if a resettlement action plan would be required for any activity under Part 1 and Part 2 of the Project on the basis of the RPF: (i) said resettlement action plan shall be prepared in accordance with the requirements of the RPF, disclosed locally and furnished to the World Bank for approval.

(c) no works under Part 1 and Part 2 of the Project shall commence until: (i) all measures required to be taken under the said environmental management plan or
resettlement action plan prior to the initiation of said works have been taken; (ii) the Recipient has furnished to the World Bank a report in form and substance satisfactory to the Bank, on the status of compliance with the requirements of said environmental management plan and/or resettlement action plan; and (iii) the World Bank has confirmed that said works may commence.

2.04 The Recipient shall ensure that all measures required for carrying out any environmental management plan or similar safeguard instrument, and any resettlement action plan are taken in a timely manner.

2.05 Without limitation to its other reporting obligations under this agreement and under Section 2.06 of the Standard Conditions, the Recipient shall include in the Project Reports referred to in Section 2.08 of this Annex adequate information on the implementation of the ESMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan, giving details of:

(a) measures taken in furtherance of the ESMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan; and

(c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the ESMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan.

2.06 The Recipient shall ensure that the terms of reference for any consultancy in respect of any Project activity under Part 1 and Part 2 of the Project, shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

2.07 For the purposes of the Training to be financed under the Project and to be delivered through study tours, workshops, seminars, conferences, and on the job training, the Recipient shall: (a) furnish to the World Bank for its approval, not later than January 31 of each year, a training program including the process and criteria for the selection of the trainees and an explanation of how such training is consistent and conducive to the objective of the Project and whether it offers the best price/quality ratio, as well as the schedule for its implementation; and (b) furnish to the World Bank a report of such scope and detail as the World Bank shall reasonably request, on the results of each training and the benefits to be derived therefrom.

2.08 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 acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.
(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.09. **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 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.

(c) The Recipient shall have its 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 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.

2.10. **Procurement**

(a) **General.** All goods, works 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:

(i) 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 (“Procurement Guidelines”), in the case of goods, works and non-consulting services;

(ii) 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 (“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 1.18 of the Procurement Guidelines and paragraph 1.25 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, Works and Non-consulting Services**

Goods, works and non-consulting services shall be procured under contracts awarded on the basis of: (A) National Competitive Bidding (subject to the following additional provisions):
(i) for all procurement of goods and works, standard bidding documents acceptable to the World Bank will be used;

(ii) no eligible firm (whether foreign or domestic) will be excluded from bidding and foreign bidders will not be required to bid as a joint venture with local partners;

(iii) joint ventures or consortium partners will be jointly and severally liable for their obligations;

(iv) 30 (thirty) days will be provided for preparation and submission of bids, after the issuance of the invitation for bids or availability of the bidding documents, whichever is later;

(v) no preference margin will be granted to domestic bidders;

(vi) bids will be advertised in at least one national newspaper or technical or financial magazine with wide circulation or a widely used electronic portal with free national and international access;

(vii) the results of the bid evaluation and of the award of the contract;

(viii) provisions for bidders to object will be published in at least one national newspaper of wide circulation; and

(ix) in accordance with paragraph 1.16 (a) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Credit shall provide that: (a) the bidders, suppliers, contractors and subcontractors shall permit the World 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 World Bank; and (b) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.16 (a) (v) of the Procurement Guidelines;

(B) Shopping; (C) Community Participation in Procurement; and (D) Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in sub-paragraph (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 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 (F) Direct Contracting.

(e) 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.

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) 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 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 U.S. $)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>926,000</td>
<td>100</td>
</tr>
<tr>
<td>(2) Works</td>
<td>1,089,000</td>
<td>100</td>
</tr>
<tr>
<td>(3) Consultant Services (including audits)</td>
<td>479,000</td>
<td>100</td>
</tr>
<tr>
<td>(4) Operating Cost</td>
<td>51,000</td>
<td>100</td>
</tr>
<tr>
<td>(5) Training</td>
<td>305,000</td>
<td>100</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>2,850,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 four years after the date of countersignature of this Agreement by the Recipient.

**Article IV**

**Additional Remedies**

4.01. **Additional Event of Suspensions.** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following, namely that:

(a) Registration No. No. 41152786, dated July 16, 1965, pursuant to which the Recipient has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.
The Establishment and Operating Agreement has been suspended or terminated.

Article V
Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Country Director, SNV Ghana.

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

SNV Ghana
10 Maseru Road, East Legon Residential Area
P.O. Box KIA 30284, Accra, GHANA
T +233 30 7012440/441/442

5.03. **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/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
Facsimile: INDEVAS 64145 (MCI)