Mr. Kadhim Ali Abdullah  
Ministry of Finance  
Bab Al-Muadham, Hay Al-Ulum  
Baghdad, Iraq  

Re: World Bank Iraq Trust Fund Grant Agreement for  
Public Finance Management Project  
Grant No. TF094654  

Excellency:  

I am writing on behalf of the International Development Association (the “World Bank”) to indicate the World Bank’s agreement, as administrator of grant funds contributed by various donors (collectively “Donors”), to make a grant in an amount not exceeding two million United States dollars ($2,000,000) (the Grant) to the Ministry of Finance of Iraq (the “Recipient”).  

The Grant is made in response to the Recipient’s request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The Recipient hereby confirms its request that the Bank carry out the activities described in paragraph 1 of the Annex to this Letter Agreement, and represents that it is authorized to contract the Grant for the said purposes and on the said terms and conditions.  

Please note that it is the Bank’s policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.  

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.  

Very truly yours,  

INTERNATIONAL DEVELOPMENT ASSOCIATION  

By: /s/ Yahia Khairi Said
Authorized Representative
AGRED:

MINISTRY OF FINANCE OF IRAQ

By:  /s/ Kadhim Ali Abdullah
Title:  Minister of Finance
Date:  July 21, 2009

IRAQI STRATEGIC REVIEW BOARD

By:  /s/ Hudei A. Malik
Title:  Executive Secretary
Date:  July 21, 2009
Purposes, Terms and Conditions of the Grant

1. The purpose of the Grant is to assist in the preparation and implementation of the Public Finance Management Project, which has as main objective is to support the Government of Iraq in developing a more effective, accountable and transparent public financial management system to strengthen budget formulation, execution and control, improve financial reporting, strengthen public procurement and develop capacity in public financial management. The activities (the Activities) for which the Grant is given are as follows:

   Provision of training and technical assistance to support the Government of Iraq’s activities to reform the public financial management system, including workshops and other forms of training inside and outside Iraq, on the job training, advisory services and dissemination of results of the reform activities under the Project, for all institutions involved in strengthening the public finance management system in Iraq, including the Board of Supreme Audit.

2. The Grant shall be used to finance training and consultants’ services required for the Activities.

3. The Bank shall carry out the Activities on behalf of the Recipient. The Recipient shall cooperate with the Bank to the extent necessary to permit the Bank to carry out the Activities promptly and effectively, and to evaluate the results of the Activities. The Recipient shall indemnify the Bank against any costs or liabilities incurred by the Bank as a result of claims against the Bank in connection with the Activities, except those resulting from the gross negligence or willful misconduct of its staff or external consultants.

4. The Bank shall carry out the Activities pursuant to this Letter Agreement only to the extent that the Grant funds required for such Activities are available to the Bank from the Donors.

5. The Activities shall be completed by not later than June 30, 2013, or such later date as the Bank may establish by notice to the Recipient (the Closing Date). After the Closing Date, the Bank may at any time cancel the remaining balance of the Grant.

6. The engagement and supervision of the consultants (the Consultants) required to assist in the carrying out of the Activities shall be the responsibility solely of the Bank and shall be governed, except as otherwise decided by the Bank after consultation with the Recipient, by the provisions of the Attachment to this Annex.

7. The Recipient may at any time request the Bank in writing to terminate the Activities. Whether or not the Recipient has made such a request, the Bank may at any time suspend or, after consultation with the Recipient, terminate the right of the Recipient to receive Grant funds for the Activities if any of the following events has occurred and is continuing: (a) the Recipient has failed to perform any of its obligations under this Letter Agreement; or (b) the right of the Recipient, or any other entity to which the Bank has made a loan with the guarantee of the Government of Iraq, to make withdrawals under any loan agreement with the Bank or any development credit, grant or financing agreement with the International Development Association has been suspended.
8. The Bank is not an agent of, or trustee for, the Recipient and shall not have any fiduciary relationship with the Recipient. The Recipient shall have no right to any portion of the Grant that is not expended by the Bank pursuant to this Letter Agreement.
Consultants’ Services

I. General

Consultants’ services shall be procured in accordance with Sections I (except paragraph 1.24 thereof) and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 and revised in October 2006 (the “Consultant Guidelines”) and the provisions of this Attachment. The capitalized terms used below in this Attachment to describe particular procurement methods have the meanings ascribed to them in the Consultant Guidelines.

II. Particular Methods of Procurement of Consultants’ Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

B. Other Procedures

1. Quality-based Selection. Services for assignments which meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Selection Under a Fixed Budget. Services for assignments which meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

3. Least-cost Selection. Services for assignments which meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. Selection Based on Consultants’ Qualifications. Services estimated to cost less than $200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

5. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection may be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

6. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.