Honorable Conchita Carpio Morales  
Ombudsman  
Office of the Ombudsman  
Ombudsman Building, Agham Road, North Triangle  
Diliman, Quezon City 1101, Philippines  

Dear Ombudsman Morales:

Philippines: IDF Grant for Enhancing the Asset Declaration System Project  
IDF Grant No. TF014504

In response to the request for financial assistance made on behalf of the Office of the Ombudsman (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”) proposes to extend to the Recipient, a grant from the World Bank’s Institutional Development Fund (“IDF”) in an amount not to exceed two hundred thirty thousand United States Dollars (U.S.$ 230,000) (“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”).

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

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.
Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Motoo Konishi
Country Director, Philippines
East Asia and Pacific Region

AGREED:
OFFICE OF THE OMBUDSMAN

By

Authorized Representative

Name: Conchita Carpio-Morales
Title Ombudsman
Date: 31 May 2013

Enclosures: as stated
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

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

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to assist the Recipient’s Office of the Ombudsman in improving the efficiency, effectiveness, and credibility of the income and asset declaration system as a key institutional mechanism to combat corruption and promote accountability and ethical standards in the public service.

The Project consists of the following parts:

Part 1. **Comprehensive Assessment of the Asset Declaration System**

(a) Carrying out a review of the implementation process of the incomes and asset declaration system in comparison to the existing policies, manuals, and procedures.

(b) Carrying out an analysis of factors, which influence the implementation of the income and asset declaration system.

(c) Carrying out an analysis and identifying the major political economy constraints, opportunities, and underlying factors and issues associated with the income and asset declaration system and exploring politically feasible options to enhance the system.

Part 2. **Design and Development of IT Based Income and Asset Declaration System**

(a) Carrying out a technical diagnosis of the existing Statement of Assets, Liabilities and Net Worth (hereinafter – SALN) database and other information technologies in the income and asset declaration system.

(b) Carrying out a needs assessment to determine user requirements and functional objectives of a new SALN database and information system.

(c) Design and development of a new SALN database, information system, and related training modules.
Part 3. Enhancement of Institutions, Structures, and Business Processes of the Asset Declaration System

(a) Preparation of a detailed proposal for redesign and revision of institutional arrangements, organizational structures, and business processes laying out key institutional, structural, procedural, and staffing changes at each of the stages of implementation of the asset declaration system.

(b) Design and provision of a training program on new asset declaration business processes and procedures.

(c) Preparation and execution of a communications strategy to support organization change related to asset declaration.

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

2.03. Institutional and Other Arrangements. The Recipient shall maintain throughout the period of implementation of the Project a committee provided with such powers, functions and competencies, acceptable to the World Bank, as shall be required to (i) to provide strategic leadership and directions for the purposes of the Project; (ii) monitor and review progress achieved in the implementation of the Project; (iii) discuss and approve the annual work plans and budgets for the Project; and (iv) coordinate a mid-term review of the Project.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The Recipient shall, upon the World Bank’s request, 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 five months after the Closing Date.

2.05. 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 semester, covering the semester, in form and substance satisfactory to the World Bank.
The Recipient shall have its Financial Statements 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 year shall be furnished to the World Bank not later than six months after the end of such year.

2.06. Procurement

(a) General. All goods, 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 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”); 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 and Non-consulting Services. Goods and non-consulting services shall be procured under contracts awarded on the basis of Shopping.

(d) Particular Methods of Procurement of Consultants’ Services

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

(ii) The following methods may be used for the procurement of consultants’ services 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.
(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 USD</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services</td>
<td>191,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>12,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training and Workshops</td>
<td>26,500</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>230,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training and Workshops” means the reasonable costs of goods and services required for the participation of personnel involved in training courses and workshops under the Project, including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation, but excluding consultants’ services.

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 three years after the date of countersignature of this Agreement by the Recipient.
Article IV
Recipient’s Representative; Addresses

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

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

Office of the Ombudsman
Ombudsman Building, Agham Road, North Triangle
Diliman, Quezon City 1101, Philippines

Facsimile:
(63-2) 920-8142

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

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391