February 10, 2012

Hon. S. Kuugongelwa-Amadhila
Minister of Finance
Fiscus Building
Private Bag 13295
Windhoek
Namibia

NAMIBIA: IDF Grant for the Performance Management and Monitoring and Evaluation Project
IDF Grant No. TF099836

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Namibia ("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 four hundred eighty-eight thousand eight hundred fifty United States Dollars (U.S.$ 488,850) ("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 Effective Date specified in Section 4.03 of the Annex; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World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.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By _Ruth Kagia_
Country Director, Namibia
Africa Region

AGREED:

REPUBLIC OF NAMIBIA

By _Authorized Representative_
Name _Tom K. Alweendo_
Title _Director General_
Date: _14-03-2012_

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
(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

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 ("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 improve the capacity of the Recipient’s National Planning Commission ("NPC") to design and implement an efficient system for monitoring and evaluation ("M&E") of national development plans and aid contributions. The Project consists of the following parts:

(a) **Diagnostic Review of Current M&E System ("Part A").** Carrying out of a program of activities to develop a knowledge base to implement a suitable monitoring and evaluation ("M&E") system for the Recipient’s public administration, said program to consist of: (i) an assessment of demand for performance information in national planning, budgeting and sector management; (ii) an assessment of the supply of performance information, based on existing M&E tools within the Recipient’s government; (iii) an analysis of processes used in generating and using such information, including budget preparation and policy making by the Recipient’s government; (iv) a comparative review of good practices in other countries in implementing and managing M&E systems; and (v) formulation of a strategic framework to guide the implementation and management of the M&E system for the Recipient.

(b) **Capacity Building for M&E System Implementation ("Part B").** Operationalization of a suitable M&E Framework based on the results of the knowledge gained under Part A of the Project, including carrying out of a program of capacity building activities for staff of the Recipient to enhance their capacities in the effective use and implementation of said M&E system, all through the provision of consultants’ services and training.

(c) **Improving Aid Management and Effectiveness ("Part C").** Carrying out of a program of activities to strengthen the capacity of the Recipient to better manage, monitor and evaluate its official development assistance ("ODA") through its new integrated ODA database, said program to consist of: (i) development of an effective official development assistance management strategy; (ii) technical assistance to strengthen the capacity of the Recipient effectively to utilize its ODA management system; and (iii) establishment of sector fora in order to facilitate appropriate coordination and channeling of ODA to key priority areas; all through the provision of consultants’ services, training and workshops.

(d) **Grant Audits ("Part D").** Carrying out audits of the Grant.
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 through NPC 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. **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 six (6) months after the Closing Date.

2.04. **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 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 months after the end of such period.

2.05. **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”) 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 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. Except as otherwise provided in the following sentence, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. 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.

(a) The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of:

(i) Article III of the Standard Conditions;

(ii) this Section; and

(iii) 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.

(b) The table below 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) Goods</td>
<td>5,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultant Services (including audits)</td>
<td>393,850</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>90,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>488,850</strong></td>
<td></td>
</tr>
</tbody>
</table>

(c) For the purposes of this Section, the term "Training" means the reasonable costs associated with training and workshops carried out under the Project, including travel and subsistence costs for participants, fees and costs associated with securing the services of trainers and speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses, workshop and study tours preparation and implementation.

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**

**Effectiveness; Termination**

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
4.02. As part of the evidence to be furnished pursuant to Section 4.01 of this Annex, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms;

4.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of this Agreement (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

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 director general of the Recipient’s National Planning Commission (or any successor thereto).

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

    National Planning Commission
    Government Office Park,
    Private Bag 13356
    Windhoek
    Namibia

    Facsimile: +264-61-226501

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
    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