

**The World Bank**  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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# OFFICIAL DOCUMENTS

January 13, 2017

Mr. David Molden  
Director General  
International Centre for Integrated Mountain Development (ICIMOD)  
Khumaltar, Lalitpur  
Kathmandu, Nepal

Re: SAWI Phase II Trust Fund  
Himalayan University Consortium Grant No. TF0A4131

Dear Mr. Molden:

In response to the request for financial assistance made on behalf of International Centre for Integrated Mountain Development (ICIMOD) ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by various Donors ("Donors") under the South Asia Water Initiative Phase II (SAWI Phase II) Multi-Donor Trust Fund, proposes to extend to the Recipient for the benefit of the Islamic Republic of Afghanistan, Republic of Bangladesh, Islamic Republic of Pakistan, India, Nepal, Kingdom of Bhutan and China ("Member Countries" and each a "Member Country"), a grant in an amount not to exceed one million twenty thousand United States Dollars (U.S.\$1,020,000) ("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 Donors. 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 Donors 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 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.

Very truly yours,  
**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By   
Annette Dixon  
Regional Vice President, South Asia

**AGREED:**  
**INTERNATIONAL CENTRE FOR INTEGRATED MOUNTAIN DEVELOPMENT**

By:   
Authorized Representative  
Name: Dr. David James Malden  
Title: Director General  
Date: 23<sup>rd</sup> January 2017

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
- (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 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.

- (i) “HUC Secretariat” means the administrative office of the Himalayan University Consortium that executes and coordinates the Consortium’s activities under the direction of the Steering Group, as part of the Regional Programme of ICIMOD.
- (ii) “Incremental Operating Costs” means the reasonable costs incurred on account of the implementation of the Project (which expenditures would not have been incurred absent the Project) including consumable materials and supplies (including office supplies), office equipment, communications, translation services, mass media and printing services, operation and maintenance, charges for opening and operation of bank account required for the Project, postage and handling, travel, lodging and per diems for Project staff travelling for the purpose of the project, and incremental staff cost.
- (iii) “Steering Group” means the group composed of six senior representatives including from ICIMOD and from four research institutions from the region and one from outside, which will guide the work of the HUC Secretariat.
- (iv) “Training” means the reasonable costs associated with training and workshop participation under the Project, consisting of travel and subsistence costs for training participants, trainers and presenters, costs (other than consulting services) associated with securing the services of trainers and presenters, rental of training facilities, translation and interpretation services, preparation and reproduction of training materials.

**Article II**  
**Project Execution**

2.01. **Project Objectives and Description.** The objective of the Project is to build a sustainable partnership of research institutions in the Hindu Kush Himalayan (HKH) Region working on issues of significance to regional water resources management. The Project consists of the following parts:

- (i) **Strengthening the Network of Research Institutions.** Broadening the network and intensifying the interactions among research institutions in the HKH Region for knowledge and information exchange, including through the establishment of a joint web-based platform and study tours between members and/or potential members within and outside the South Asia region and strengthening the capacity of the HUC Secretariat.

- (ii) **Building Capacity for Collaborative Research.** Building the capacity of researchers to engage, exchange knowledge and conduct joint research initiatives to strengthen the synergies among HUC institutions by building up collective expertise on water resources management.

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. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) 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 Member Country’s territory for purposes related to the Project.

2.04. **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 indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of six months, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consists of the following:

- (i) Number of active universities/research institutions that actively participate in the HUC network;
- (ii) Interactive website with searchable databased, and E-digest established; and
- (iii) Number of visiting professor/researchers mobilized to another institution.

(c) 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 month 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 as part of the Project Report not later than forty-five (45) days after the end of each six month, covering the six months, 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. 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.

2.06. **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 (revised July 2014) ("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 (revised July 2014) ("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

- (i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of Shopping.
- (ii) The following methods, other than Shopping, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding based on the model bidding document prepared by ICIMOD acceptable to the World Bank; and (B) Direct Contracting.

(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, other than Quality- and Cost-based Selection, 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) 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, consultants' services, Training, and Incremental Operating Costs	1,020,000	100%
<b>TOTAL AMOUNT</b>	<b>1,020,000</b>	

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 this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2017.

**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 Director General of ICIMOD.

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

International Centre for Integrated Mountain Development  
GPO Box 3226, Kathmandu, Nepal

Telephone: +977-1-500-3222  
Facsimile: +977-1-500-3277; 5003299

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/  
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD		
INDEVAS	248423 (MCI) or	1-202-477-6391
Washington, D.C.	64145 (MCI)	

**APPENDIX**  
**Modifications to the Standard Conditions**

The Standard Conditions are modified as follows:

1. Paragraph 17 of the Appendix (Definitions) is modified to read as follows:

“17. “Member Country” means a member of the World Bank in whose territory the Project is carried out or any of such member’s political or administrative subdivisions, and refers separately to each such member.”

2. Paragraph (a) Section 3.07 is modified to read as follows:

“Section 3.07. *Financing Taxes*

(a) The Grant Agreement may specify that the proceeds of the Grant may not be withdrawn to pay for Taxes levied by, or in the territory of, a Member Country on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply. In such case, if the amount of any such Taxes decreases or increases, the World Bank may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Grant specified in the Grant Agreement, as required to ensure consistency with such limitation on withdrawals.”

3. Section 4.02 is amended as follows:

- (i) Paragraph (a) is amended to read as follows:

“(a) *Interference*. If the Grant has been made to a Recipient which is not the Member Country, a Member Country has: (i) taken or permitted to be taken any action which would prevent or interfere with the execution of the Project or the performance by the Recipient of its obligations under the Grant Agreement; or (ii) failed to afford a reasonable opportunity for representatives of the World Bank to visit any part of its territory for purposes related to the Grant or the Project.”

- (ii) Paragraphs (c) and (d) are amended to read as follows:

“(c) *Fraud and Corruption*. At any time, the World Bank determines that any representative of the Recipient (or any Member Country, if the Recipient is not the Member Country, or any other recipient of any of the proceeds of the Grant) has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Grant, without the Recipient (or any such Member Country or any other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.

(d) *Cross Suspension*. IBRD or IDA has suspended in whole or in part the right of the Recipient (or of any Member Country, if the Recipient is not the Member Country) to make withdrawals under any agreement with IBRD or with IDA because of a failure by the Recipient (or by any such Member Country) to perform any of its obligations under such agreement or any other agreement with IBRD or IDA.”

- (iii) Paragraph (h) is amended to read as follows:

“(h) *Membership*. A Member Country: (i) has been suspended from membership in or ceased to be a member of IBRD or of IDA; or (ii) has ceased to be a member of the International Monetary Fund.”

(iv) The first sentence of paragraph (i) is amended to read as follows:

“(i) *Condition of Recipient*. If the Grant has been made to a Recipient which is not a Member Country:”

(v) Paragraph (j) is amended to read as follows:

“(j) *Ineligibility*. IBRD or IDA has declared the Recipient (other than a Member Country) ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of: (i) a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Recipient is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by such financier.”

4. Paragraph (c) of Section 4.03 is modified to read as follows:

“(c) *Fraud and Corruption*. At any time, the World Bank determines, with respect to any amount of the proceeds of the Grant, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient (or any Member Country, if the Recipient is not a Member Country, or any other recipient of the proceeds of the Grant), without the Recipient (or any such Member Country or other recipient of the proceeds of the Grant) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.”

5. Paragraph (a)(ii) of Section 4.05 is modified to read as follows:

“(ii) (A) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount, or (B) use of such amount to finance a contract during the procurement or execution of which such practices were engaged in by representatives of the Recipient (or any Member Country, if the Recipient is not a Member Country, or other recipient of such amount of the Grant), in either case without the Recipient (or any such Member Country, or other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.”

6. Paragraph (j) of Section 5.03 is modified to read as follows:

“(j) If, within thirty days after counterparts of the award have been delivered to the parties, the award has not been complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against

any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Grant Agreement. Notwithstanding the foregoing, if the Recipient is a Member Country, this Section shall not authorize any entry of judgment or enforcement of the award against the Recipient except as such procedure may be available otherwise than by reason of the provisions of this Section.”