Jose Luis Irigoyen  
Public-Private Infrastructure Advisory Facility (PPIAF)  
1818 H Street, NW  
Washington, DC 20433

Subject: Amendment No. 2 to Grant No. AID-AFR-IO-11-00004

Dear Mr. Irigoyen:

Under the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (USAID) hereby grants to the Public Private Infrastructure Advisory Facility (PPIAF) of the World Bank, the sum of $1,000,000.00 to provide support for a program in water and sanitation for Sub-Saharan Africa as described in Attachment 1 (the Schedule) of this Amendment No. 2 to Grant No. AID-AFR-IO-11-00004 and in Attachment 2, entitled "Program Description." Amendment No. 2 also extends the completion date of the Grant to November 30, 2014.

This Grant Amendment No. 2 is made to the Grantee on condition that the funds are administered in accordance with the terms and conditions as set forth in Attachment 1 (the Schedule); Attachment 2 (the Program Description); and Attachment 3 (the Standard Provisions); all of which have been agreed to by your organization.

Please sign the original and all enclosed copies of this letter to acknowledge your receipt of the Grant Amendment No. 2, and return the original and all but one copy to me.

Sincerely yours,

Anthony S. Chan, Ph.D.  
Office Director  
Bureau for Africa, Office of Sustainable Development
Attachments:
1. Schedule
2. Program Description

ACKNOWLEDGED:

(Organization)
BY: [Signature]
TITLE: [Title]
DATE: [Date]

[Organization Name]
[Signature]
[Title]
[Date]
A. **Purpose of the Grant**

The purpose of this Grant, as more specifically described in Attachment 2 (the Program Description) of this Grant Agreement, is to provide support for Public Private Partnerships for Water and Sanitation in Sub-Saharan Africa.

B. **Period of the Grant**

1. The Effective Date of this Grant is September 30, 2011. The expiration date of this Grant is November 30, 2014.

2. Funds obligated hereunder are available for program expenditures for the estimated period from February 1, 2013 to November 30, 2014, as shown in the Grant Budget below.

C. **Amount of Grant and Payment**

1. The total estimated amount of this Grant for the period shown in B.1 above is $3,000,000.00.

2. USAID hereby obligates the amount of US$1,000,000 for program expenditures during the period set forth in B.2. above and as shown in the Grant Budget below.

3. Payment will be made to the Grantee in accordance with the procedures set forth in Attachment 3 (the Standard Provisions) (Payment (Periodic Advance)).

4. Additional funds, up to the total amount of the Grant shown in C.1. above, may be obligated by USAID, subject to the availability of funds, the mutual agreement of the parties to proceed, and the requirements of the Section 6 of the Standard Provisions of the Grant entitled "Revision of Grant Budget."

5. Payments by USAID shall be made by bank transfer into such bank account as designated in writing by the Grantee. When making each transfer, USAID shall instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, the date of the deposit, and that the payment is made by USAID for TF071565, PPIAF: Water and Sanitation in Sub-Saharan Africa Trust Fund (the "Deposit Instruction"). In addition, USAID shall send a copy of its Deposit Instruction to the Bank's Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.
D. **Grant Budget**

The following is the Grant Budget. Revisions to this Budget may be made only in accordance with the Standard Provision of this Grant entitled "Revision of Grant Budget."

<table>
<thead>
<tr>
<th>Grant Activity</th>
<th>USAID Contribution</th>
<th>Bank Admin. Cost</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Grant Amount</td>
<td>US$1,000,000</td>
<td>US$30,000</td>
<td>US$ 970,000</td>
</tr>
<tr>
<td>Additional Amount</td>
<td>US$2,000,000</td>
<td>US$60,000</td>
<td>US$1,940,000</td>
</tr>
<tr>
<td>Total Grant Amount</td>
<td>US$3,000,000</td>
<td>US$90,000</td>
<td>US$2,910,000</td>
</tr>
</tbody>
</table>

E. **Reporting and Evaluation**

1. The Grantee must prepare and submit a copy of the final report required by this Grant to the Bureau for Program and Policy Coordination, Development Experience Clearinghouse in electronic (preferred) or paper form to one of the following:

   (a) Via e-mail: docsubmit@dec.cdie.org

   (b) Via mail:

   Development Experience Clearinghouse
   8403 Colesville Road, Suite 210
   Silver Spring, MD 20910

   (c) Via fax: (301) 588-7787.

2. The title page of all reports forwarded to USAID must include a descriptive title, the author's name, grant number, the project number and title, the grantee's name, the name of the USAID office, and the publication or issuance date of the report.

F. **Administration of the Grant**

1. The Grant shall be administered by the Bank in accordance with the terms of this Grant Agreement. The Bank shall be responsible only for performing those functions specifically set forth in this Grant Agreement and shall not be subject to any other duties or responsibilities to USAID, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Grant Agreement shall be considered a waiver of any privileges or immunities of the IBRD and the IDA under their respective Articles of Agreement or any applicable law, all of which are expressly reserved.
2. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Grant Agreement, the Bank may, following deposit of the Grant funds, deduct and retain for its own account an amount equal to and not greater than 3% of the Grant. This amount is reflected in the Grant Budget as "Bank Admin. Cost."

G. Special Provisions

1. USAID will rely on the procurement and audit policies and procedures of the Bank, as modified by the provisions of this Grant Agreement.

2. Grant funds will only be used as set forth in the Grant for eligible expenditures as more specifically described in Attachment 2 (the Program Description).

3. Except as provided for in C.6 and E.1 above, any notice, request, or other communication to be given or made under this Grant shall be in writing and delivered by mail, facsimile, or email to the respective party's address specified below or at such other address as such party notifies in writing to the other party from time to time:

   a. For the Grantee:

      Name: James Close
      Title: Program Manager
      Public-Private Infrastructure Advisory Facility (PPIAF) The World Bank
      1818 H. Street,
      NW Washington,
      DC 20433
      Tel: 202-458-0493
      E-mail: jclose@worldbank.org
b. **For USAID:**

Name: Amanda Robertson  
Title: Water Advisor  
Unit/Department: AFR/SD/EGEA  
Address: Ronald Reagan Building  
1300 Pennsylvania Ave.,  
N.W. Washington, D.C.  
20523

Tel: 202-712-1766  
Fax: 202-216-2174  
E-mail: arobertson@usaid.gov

4. The Bank will disclose the terms of this Grant and information on this Trust Fund (TF071565) in accordance with the World Bank’s Policy on Access to Information. USAID consents to disclosure of this Grant and related information on this Trust Fund (TF071565).
PROGRAM DESCRIPTION

Description of Activities and Expenditures under the Trust Fund for the PPIAF: Water and Sanitation in Sub-Saharan Africa (TF No. 071565)

I. Description of Activities

The Trust Fund for the PPIAF: (TF No. 071565) Water and Sanitation and Hygiene in Sub-Saharan Africa (the "Trust Fund") shall finance activities related to Water and Sanitation in Sub-Saharan Africa through PPIAF policy and transactions work as per the agreed upon work program, which will include the proposed project countries, between USAID and PPIAF.

The PPIAF is a multi-donor technical assistance facility, aimed at helping developing country governments improve the quality of their infrastructure through private sector involvement. PPIAF's mission is to help eliminate poverty and achieve sustainable development in developing countries by facilitating private sector involvement in infrastructure. In particular, PPIAF's objectives are to:

- Mobilize and leverage donor resources;
- Exploit the expertise and economies of scale and scope available from an integrated multi-donor work program;
- Promote the exchange of lessons of experience between sectors, regions, and donors;
- Facilitate coordination between bilateral and multilateral programs addressing the same concerns.

PPIAF supports a program of country-specific and multi-country advisory and related activities in the following areas:
- Framing infrastructure development strategies to take full advantage of the potential for private sector involvement;
- Building consensus for appropriate policy, regulatory and institutional reforms;
- Designing and implementing specific policy, regulatory and institutional reforms;
- Supporting the design and implementation of pioneering projects and transactions;
- Building government capacity in the design and execution of private infrastructure arrangements and in the regulation of private service providers.

PPIAF also supports identifying and disseminating best practices in private involvements in infrastructure.

The Trust Fund is managed and implemented as a Non-Core Fund within the PPIAF in accordance with the Program Charter.

The objectives of the Trust Fund are to support the provision of drinking water and sanitation services as well as the adoption of hygiene practices through activities in urban areas, informal settlements and slums, and rural villages in Sub-Saharan Africa. In particular the Trust Fund will undertake activities, such as: a) Reforming and building the capacity of water and sanitation utilities to achieve financial sustainability and high quality service delivery, including the use of partnerships between utilities; b)
Consensus building at the country level on appropriate policy, regulatory and institutional reforms; c) Capacity building - helping governments design sustainable private infrastructure arrangements and regulating private service providers; d) Helping governments frame sustainable development strategies to take full advantage of the potential for private sector involvement; e) Helping governments design and implement specific policy, regulatory and institutional reforms; f) Helping governments design and implement pioneering transactions and disseminate global best practices to provide water and sanitation services and promote hygiene practices; and g) Assisting governments in disseminating knowledge learned. PPIAF funds can support private sector involvement in the financing, ownership, operation, rehabilitation, maintenance and/or management of water and sanitation services with contracting approaches, ranging from management contracts and leases through to concessions and divestitures. Utilities and village systems eligible for this non-core PPIAF Trust Fund support include drinking water, public sanitation, and hygiene services. They will be limited to clients in Sub-Saharan Africa.

Additional information on the PPIAF can be found in the PPIAF Program Charter, dated May 2001, as it may be amended from time to time (the "Program Charter"), available at www.ppiaf.org.

II. Categories of Expenditure

The Grant funds will be used to finance the following categories of expenditure:

For recipient-executed activities, the Grant funds may be used by recipients (sub-grantees) to finance training, consulting services and operating costs.

For Bank-executed activities, the Grant funds may be used to finance the following categories of expenditure: associated overheads, staff costs, short-term consultant fees, extended term consultants, temporary staff costs, contractual services, equipment costs (lease), media & workshops costs, and travel expenses.

A maximum of 30% of the Grant funds may be used for the costs associated with staff of the World Bank Group in identifying, supervising, and, in limited cases, delivering PPIAF assignments on behalf of the Program Management Unit of the PPIAF in connection with the Trust Fund.
1. ALLOWABLE COSTS (April 2011)

A. The grantee must use funds provided under the award for costs incurred in carrying out the purposes of this Grant, which are reasonable, allocable, and allowable.

(1) "Reasonable" means the costs that do not exceed those that would ordinarily be incurred by a prudent person in the conduct of normal business.

(2) "Allocable" means those costs that are necessary to this Grant.

(3) "Allowable" means those costs that are reasonable and allocable, and that conform to any limitations set forth in this Grant.

B. The grantee is encouraged to obtain the Agreement Officer's written determination in advance whenever the grantee is uncertain as to whether a cost will be allowable.

2. AMENDMENT (April 2011)

The parties may amend the award by mutual agreement, by formal modifications to the basic award document, or by means of an exchange of letters between the Agreement Officer and an appropriate official of the grantee.

3. NON-LIABILITY (April 2011)

USAID does not assume liability for any third party claims for damages arising out of this Grant.

4. NOTICES (April 2011)

Any notice given by USAID or the grantee will be sufficient only if in writing and delivered in person,

- To the USAID Agreement Officer, at the address specified in the Grant Agreement.
- To grantee, at the grantee's address shown in the grant or such other address designated in the Grant.

Notices will be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

5. PAYMENT (PERIODIC ADVANCE) (BANK/IFC SEPTEMBER 2011)

A. Periodic advances will be limited to the minimum amounts needed to meet the grantee's current disbursement needs and must be scheduled so that the funds are available to the grantee as close as is administratively possible to the actual disbursements by the grantee for program costs. Periodic advance requests may be established to meet the grantee's cash requirements for periods up to 30 days.

B. The grantee may submit requests for advances to the paying office specified in the award letter as often as may be necessary to meet ongoing disbursing needs. An
advance may not exceed 30 days disbursing needs. Subject to Chief Financial Officer (CFO) or Mission Controller approval (as appropriate), requests may be submitted every 30 days covering a 30-day period; or three requests may be submitted covering 30-day sub-periods of a 90-day period to be paid automatically every 30 days; or two requests for up to 90 days each may be submitted to be automatically disbursed in 30-day increments. Requests must state the estimated disbursements to be made during the period covered by the request, the estimated balance of cash on hand from prior advance requests, and the advance amount being requested. Cash advances made by the grantee to secondary grantees or the grantee's field organizations must conform substantially to the same standards of timing and amount that apply to cash advances by USAID to the grantee (i.e., up to 30 days to satisfy disbursing needs).

C. The grantee must submit an SF-425, Federal Financial Report (http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf), quarterly, no later than 30 days after the end of the period, to the paying office specified in the award in order to liquidate advances outstanding. The report must show disbursements, advances received, and any cash remaining on hand for the period covered by the report. Within 180 days following the expiration of the award, the grantee must submit an SF-425 (http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf) showing total disbursements, total advances received, and any cash remaining on hand, which the grantee must refund to USAID. Failure to provide these quarterly reports may result in the suspension, disruption, or termination of additional payments.

6. AUDIT AND RECORDS (BANK/IFC JULY 2011)

The Grantee shall maintain separate records and ledger accounts in respect of the Grant deposited in the trust fund and disbursements made therefrom.

The Grantee shall furnish to USAID current financial information relating to receipts, disbursements, and fund balance in United States Dollars with respect to the Grant via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities have been satisfied and the trust fund has been closed, the final financial information relating to receipts, disbursements and fund balance in United States Dollars with respect to the Grant will be made available to USAID via the World Bank’s Trust Funds Donor Center secure website.

The Grantee shall provide to USAID, within six (6) months following the end of each Grantee fiscal year, an annual single audit report, comprising (1) a management assertion together with an attestation from the Grantee’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the Grantee’s external auditor’s opinion thereon. The cost of the single audit shall be borne by the Grantee.

If USAID wishes to request, on an exceptional basis, a financial statement audit by the Grantee’s external auditors of the Trust Fund, USAID and the Grantee shall first consult as to whether such an external audit is necessary. The Grantee and USAID shall agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Grantee
shall arrange for such external audit and shall provide a copy to USAID. The costs of any such audit, including the internal costs of the Grantee with respect to such audit, shall be paid by USAID.

The World Bank shall provide USAID with copies of all financial statements and auditors' reports received by the World Bank from the recipients pursuant to the sub-grant Agreements.

7. REFUNDS (Bank/IFC July 2011)

A. If the grantee earns interest on Federal advances before expending the funds for program purposes, the grantee must remit the interest annually to USAID. Interest amounts up to $250 per year may be retained by the grantee for administrative expenses.

B. Funds obligated by USAID but not disbursed to the grantee before the Grant expires or is terminated will revert to USAID, except for funds committed by the grantee to a legally binding transaction applicable to this Grant. Any funds advanced to, but not disbursed by, the grantee before the Grant's expiration or termination must be refunded to USAID, except for funds committed by the grantee to a legally binding transaction applicable to this Grant.

C. If, at any time during the life of the Grant, or as a result of an audit conducted under the provisions of this Grant, it is discovered that USAID funds provided under this Grant have been expended for purposes not in accordance with the terms of this Grant, then the grantee must refund the amount to USAID as determined by the Grantee's policies and procedures which provide for such reimbursement if the misuse of funds is a substantive deviation rather than a procedural and falls within the Grantee's exercise of its responsibilities, and by the parties in accordance with dispute resolution provisions of this Award.

8. AWARD BUDGET LIMITATIONS AND REVISIONS (April 2011)

A. The approved grant budget is the financial expression of the grantee's program as approved during the grant award process. USAID is not obligated to reimburse the grantee for any costs incurred in excess of the total amount obligated under the grant.

B. The grantee must immediately request approval from the Agreement Officer when there is reason to believe that, within the next 30 calendar days, a revision of the approved grant budget will be necessary for any of the following reasons:

(1) To change the scope or the objectives of the program or to add any new activity.
(2) To revise the funding allocated among program objectives by more than 10 percent (10%) of the total budget amount unless the schedule states otherwise.
(3) Additional funding is needed.
(4) The grantee expects the amount of USAID authorized funds to exceed its needs by more than $20,000 or ten percent (10%) of the USAID award, whichever is greater.

C. The grantee will not be obligated to continue performance under the grant (including actions under the "Termination Procedures" provision) or otherwise to incur costs in excess of the amount obligated under the grant, unless and until the Agreement Officer
notifies the grantee in writing that such obligated amount has been increased and specifies the new grant total amount.

9. TERMINATION PROCEDURES (Bank/IFC July 2011)

This Award may be terminated by either party, in whole or in part, at any time with 90 days written notice of termination. After receiving a termination notice from the Agreement Officer, the grantee must take immediate action to cease all expenditures financed by this Grant and to cancel all unliquidated obligations if possible. The grantee may not enter into any additional obligations under this Grant after receiving the notice of termination, other than those reasonably necessary to effect the close out of this Grant. Except as provided below, no further reimbursement will be made after the effective date of termination. As soon as possible, but in any event no later than 120 days after the effective date of termination, the grantee must repay to the government all unexpended USAID funds that are not otherwise obligated by a legally binding transaction applicable to this Grant. If the funds paid by the USAID to the grantee before the effective date of termination are not sufficient to cover the grantee's obligations under a legally binding transaction, then the grantee may submit a written claim for such amount to USAID within 120 days after the effective date of termination. The Agreement Officer will determine the amount(s) to be paid by USAID to the grantee under such claim in accordance with the "Allowable Costs" provision of this Grant and eligible expenditures and activities set out in Attachment 2.

10. TERRORIST FINANCING CLAUSE (April 2011)

Recognizing the obligations of the United States and other member countries under various United Nations Security Council Resolutions to take measures to prevent financing of terrorists, the Grantee undertakes to use reasonable efforts, consistent with its Articles of Agreement and policies, including those pertaining to combating financing for terrorists, to ensure that the funds provided under this Grant are used for their intended purposes and are not diverted to terrorists or their agents.

To the extent the Grantee may use the funding provided by USAID under this Grant for the purpose of providing grants to or entering into contracts with other recipients, the Grantee will include a provision in each grant agreement or contract between the Bank and each such recipient that the recipient:

(i) will not use the proceeds of the grant or contract for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the recipient's knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions, and

(ii) will include a corresponding provision in any sub-grant agreements or subcontracts that the recipient enters into with entities to which the recipient makes the USAID grant funding available.
11. DISABILITY POLICY (BANK/IFC JULY 2011)

The Grantee has an established practice of not discriminating against persons with disabilities in the implementation of Grantee's activities and hiring of Grantee's staff. Consistent with its policies, procedures, and guidelines and depending on the scope of the activities, the Grantee commits to include men and women with disabilities and benefit children with disabilities in the Award activities.

12. FINANCIAL MANAGEMENT, PROCUREMENT, AND EVALUATION (BANK/IFC JULY 2011)

To the extent not inconsistent with other provisions of the Award, USAID and the Recipient understand that funds made available to the Recipient must be administered in accordance with the Recipient's own policies and procedures, including its financial, procurement and evaluation policies and procedures.

13. DISPUTE RESOLUTION (APRIL 2011)

USAID and the grantee will use their best efforts to amicably settle any dispute, controversy, or claim that results from, or relates to, the award.

14. TITLE TO AND DISPOSITION OF PROPERTY (BANK/IFC JULY 2011)

Ownership of equipment, supplies, and other property purchased with funds under the award will vest in the grantee during the life of the award. At the end of the award, property financed under the award will be transferred in accordance with the grantees' policies and procedures.

15. REPORTING OF FOREIGN TAXES (April 2011)

The Recipient is not subject to taxation of activities implemented under the award based on its privileges and immunities as a public international organization (PIO). The funds provided under this Grant may not be used to pay taxes.