H.E. Dr. Ibrahim Saif
Minister of Planning and International Cooperation
Ministry of Planning and International Cooperation
Post Office Box 555, 11118
The Hashemite Kingdom of Jordan

Re: The Hashemite Kingdom of Jordan: IDF Grant for Strengthening the Capacity and Effectiveness of Jordan Supreme Audit Institute Project
IDF Grant No. TF014423

Excellency:

In response to the request for financial assistance made on behalf of the Kingdom of Jordan ("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 fifty thousand United States Dollars (U.S.$250,000.00) ("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 specified by the World Bank in accordance with Section 4.02 of the Annex to this Agreement.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Ferid Belhaj
Director
Middle East Department
Middle East and North Africa Region

AGREED:
THE HASHEMITE KINGDOM OF JORDAN

By
Authorized Representative

Name: Ibrahim Saif
Title: Minister of Planning & International Cooperation
Date: 27 November 2013

Enclosures:


(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 and the following terms have the following meanings:

(a) "Audit Bureau" means the highest audit institution in the Recipient’s territory established pursuant to the Audit Bureau’s Law of 1952.

(b) "Selected Participants" means staff of the Audit Bureau selected based on qualification, continuity with the Audit Bureau and area of expertise.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen the capacity of Recipient’s Audit Bureau to become a well-functioning supreme audit institute capable of providing strong and independent oversight of the use of public funds. The Project consists of the following parts:

**Part 1: Legal and Institutional Framework**

Carrying out a detailed assessment of the Audit Bureau’s institutional and legal framework with a view to establish a legislative and institutional framework for said Audit Bureau that provides independent, objective and effective oversight in compliance with international good practices.

**Part 2: Developing Audit Methodologies for Specialized Audit Areas**

Building the Audit Bureau’s capacity to perform specialized audits, namely in:

(a) public private partnership (PPP) and procurement audit through, inter alia: (i) development of guidelines for said audits; and (ii) provision of training to Selected Participants on the developed guidelines;

(b) financial audits of state-owned enterprises (SOEs), through inter alia: (i) development of guidelines on procedures reflecting international auditing standards for said audits; and (ii) provision of training to Selected Participants on the developed guidelines; and
(c) carrying out an implementation pilot of the said developed guidelines and subsequent peer reviews in selected PPPs and/or SOEs, including: (i) field testing; and (ii) detailed examination of the process, methodology and outputs of the Audit Bureau's audit of said selected PPPs and/or SOEs.

Part 3: Developing Training Programs and Modules

(a) Compiling, designing and developing training materials and modules on selective related topics for use by trainers to be selected by the Audit Bureau. Such training materials to include case studies and materials on training methodology and evaluation.

(b) Setting up and training a team in specialized audits.

Part 4: Project Management and Audit

Carrying out the effective management and oversight of the Project including: (i) financing of training required for management, procurement and financial management staff; and (ii) carrying out two audits of the Project.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Audit Bureau ("Project Implementing Entity") to 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 2013 ("Anti-Corruption Guidelines"); (c) this Article II.

2.03. Institutional and Other Arrangements. Without limitation upon Section 2.02 above, the Recipient shall:

(a) In order to ensure the proper oversight and monitoring of the Project, the Recipient shall maintain throughout the period of Project implementation, with membership, terms of reference and resources satisfactory to the Association, a steering committee chaired by the Audit Bureau Secretary General, and comprised of members of the Audit Bureau, of the Ministry of Planning and International Cooperation and the Ministry of Finance.

(b) make the proceeds of the Grant available to the Project Implementing Entity on a grant basis under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank ("Subsidiary Agreement"), including terms whereby the Project Implementing Entity shall be required to:

(i) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines;
(ii) maintain, throughout the implementation of the Project, the Project Management Unit (PMU), with qualified staff and adequate resources satisfactory to the World Bank, to be responsible for the day-to-day implementation of the Project;

(iii) establish and thereafter maintain throughout the implementation of the Project a steering committee ("Project Steering Committee") with a composition satisfactory to the World Bank, to be responsible for, inter alia, monitoring and following-up on the implementation of the Project; and

(iv) provide, promptly as needed, the resources required for the purpose;

(v) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indications acceptable to the World Bank, the progress of the Project and the achievement of its objectives;

(vi) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (B) at the World Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank;

(vii) enable the Recipient and the World Bank to inspect the Project, its operation and any relevant records and documents; and

(viii) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

(c) obtain rights adequate to protect its interests and those of the World Bank and shall perform its obligations and exercise such rights under the Subsidiary Agreement in such a manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions;

(d) ensure that the Project Implementing Entity is maintained with functions, resources and staff satisfactory to the World Bank;

(e) provide funds for: (i) counterpart staff time; (ii) training and office facilities; (iii) local transportation; and (iv) administrative support.

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, on 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.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for 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 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) 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

(ii) 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 1.25 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, III, IV and V of the Consultant Guidelines.
(c) **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) Least Cost Selection; (B) Selection based on Consultants' Qualifications; (C) Single-source Selection of consulting firms; (D) Single-source procedures for the Selection of Individual Consultants, and (E) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.

(c) **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>221,900.00</td>
<td>100%</td>
</tr>
<tr>
<td>including audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Training</td>
<td>28,100.00</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>250,000.00</td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this Section, the term “Training” means the following expenditures incurred in providing training or workshops: (i) travel by participants and presenters to the training or workshop site; (ii) per diem allowances of such persons during the training or workshop; (iii) honoraria for the presenters; (iv) materials, supplies; and (v) translation and interpretation services.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be 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 condition specified below has been satisfied.

The Subsidiary Agreement referred to in Section 2.03 of this Annex has been executed on behalf of the Recipient and the Project Implementing Entity.

4.02. 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 Annex (“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.

4.03. **Termination for Failure to Become Effective.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 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: Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Planning and International Cooperation.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:
Ministry of Planning and International Cooperation
Post office Box: 555
Amman, 11118
The Hashemite Kingdom of Jordan

Facsimile:

962-6-464 9341

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