**CONFORMED COPY**

**CREDIT NUMBER 5006-XK**

**Financing Agreement**

**(Additional Financing for the Financial Sector Strengthening and Market Infrastructure Project)**

**between**

**REPUBLIC OF KOSOVO**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated August 3, 2011**

**CREDIT NUMBER 5006-XK**

FINANCING AGREEMENT

Agreement dated August 3, 2011, entered into between REPUBLIC OF KOSOVO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

* 1. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
  2. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

* 1. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to four million three hundred thousand Special Drawing Rights (SDR 4,300,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
  2. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
  3. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are April 15 and October 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.

**ARTICLE III — PROJECT**

* 1. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the CBK in accordance with the provisions of Article IV of the General Conditions.
  2. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Events of Suspension consist of the following:

(a) The DIFK or the Deposit Insurance Scheme operates, or the DIFK Fund is used, in a manner inconsistent with the provisions of the DIFK’s Legislation and this Agreement.

(b) The DIFK’s Legislation, or any part thereof, is amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the ability of the DIFK to provide Deposit Insurance Services in a manner satisfactory to the Association.

(c) Any action is taken for the dissolution, disestablishment or suspension of operations of the DIFK, or the Deposit Insurance Scheme is suspended, ceases to operate or is otherwise terminated.

4.02. The Additional Events of Acceleration consist of the following:

(a) An event specified in paragraphs (a), (b) and (c) of Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Association to the Recipient.

(b) The Association determines that the DIFK or the Deposit Insurance Scheme are being operated in a manner inconsistent with the Plan referenced in Section V.B.2 of Schedule 2 to this Agreement.

(c) The Association determines that any report, evidence or other information provided to the Association under paragraph C.2 of Section V of Schedule 2 to this Agreement is unsatisfactory.

4.03. If the Association determines that an amount of the Withdrawn Credit Balance has been used in a manner inconsistent with the provisions of this Agreement, the Recipient shall, upon notice by the Association to the Recipient, promptly refund such amount to the Association. Except as the Association may otherwise determine, the Association shall cancel all amounts refunded pursuant to this Section.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Recipient’s Ministry of Finance and the CBK have entered into an inter-agency agreement in form and substance satisfactory to the Association, setting forth the arrangements for the implementation of the Project and any other pertinent arrangements relating to the Project.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is the Minister of Finance.

6.02. The Recipient’s Address is:

Ministry of Finance

Mother Teresa Street

10000 Pristina

Republic of Kosovo

Cable: Telex: Facsimile:

38 138 200 34 101 +381 (0) 38211537

6.03. The Association’s Address is:

International Development Association

1818 H Street, N.W.

Washington, D.C. 20433

United States of America

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) 1-202-477-6391

Washington, D.C.

AGREED at Pristina, Republic of Kosovo, as of the day and year first above written.

REPUBLIC OF KOSOVO

By /s/ Hashim Thaçi

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ranjit Nayak

Authorized Representative

**SCHEDULE 1**

**Project Description**

The objectives of the Project are to: (i) enhance the stability and development of the financial sector; and (ii) strengthen the financial sector’s underlying market infrastructure.

The Project consists of Part I of the Original Project and the following additional Parts IV, V and VI:

**Part I:**

1. Strengthening CBK’s long term institutional and financial capacity and sustainability, through the provision of goods, technical assistance and training, including the preparation of a medium term development strategy for CBK.
2. Improving banking sector regulation and supervision, especially of off-site supervision, and developing or improving the regulatory and supervisory framework for insurance activities and intermediaries and for other non bank financial institutions under the purview of CBK.

**Part IV:**

Establishment of a Real Time Gross Settlement Payment System, to be controlled and maintained by the CBK, aimed at minimizing settlement risks and increasing confidence and reliability of commercial banks.

**Part V:**

Establishment of a Business Continuity Center for the CBK outside Pristina designed to serve as a backup system in case of primary system failure.

**Part VI:**

Financing the Recipient’s initial contribution to the DIFK for the purpose of enabling the DIFK to commence operation of the Deposit Insurance Scheme.

**SCHEDULE 2**

**Project Execution**

**Section I. Implementation Arrangements**

**A. Institutional Arrangements**

1. The Recipient shall implement the Project through the CBK.
2. The Recipient shall ensure that the following implementation arrangements are maintained, in a manner satisfactory to the Association:

(a) the PMT, with a composition and terms of reference satisfactory to the Association, shall be responsible for the day-to-day management and supervision of the Project, overall Project coordination and the performance of all fiduciary functions except financial management for the Project;

(b) the RTGS Working Group, with a composition and terms of reference satisfactory to the Association, shall assist the PMT with procurement for and implementation of Part IV of the Project; and

(c) the Grant Unit, with a composition and terms of reference satisfactory to the Association, shall be responsible for financial management for the Project, including maintaining accounts for the Project, requesting withdrawals from the Credit Account and financial reporting for the Project.

1. The Recipient shall ensure that the PMT, the RTGS Working Group, and the Grant Unit are adequately staffed, funded and operational, in a manner satisfactory to the Association.

**B. Implementation Covenants**

1. The Recipient shall ensure that at all times, the DIFK and the Deposit Insurance Scheme operate, and the DIFK Fund is used, in accordance with the provisions of DIFK’s Legislation and this Agreement.

2. The Recipient shall ensure that the DIFK does not amend, suspend, repeal, abrogate or waive the regulations or directives adopted by the DIFK as referenced in paragraph B.1 (b) (ii) of Section IV of this Schedule in a manner that materially and adversely affects the financial management and other fiduciary procedures and standards applicable to the DIFK.

3. The Recipient shall ensure that the DIFK and the CBK do not amend, suspend, repeal, abrogate or waive the agreement entered into by them as referenced in paragraph B.1 (b) (iii) of Section IV of this Schedule in a manner that materially and adversely affects the services in relation to financial management and other fiduciary procedures being provided by the CBK to the DIFK.

4. The Recipient, through the CBK, shall, prior to evaluating the technical requirements and preparing the bidding documents for procurement under Part IV of the Project, hire an information technology expert, with the qualifications, experience and terms of reference satisfactory to the Association, to assist the CBK with such procurement.

**C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits of the Project**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each 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 Association not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

|  |
| --- |
| **Procurement Method** |
| (a) National Competitive Bidding (subject to the modifications set forth in the Annex  to this Agreement) |
| (b) Shopping |
| (c) Direct Contracting |

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services**. The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

|  |
| --- |
| **Procurement Method** |
| (a) Selection under a Fixed Budget |
| (b) Least Cost Selection |
| (c) Selection based on Consultants’ Qualifications |
| (d) Selection of Individual Consultants |
| (e) Sole-Source Selection for the Selection of Individual Consultants |

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

1. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

|  |  |  |
| --- | --- | --- |
| **Category** | **Amount of the Credit Allocated (expressed in SDR)** | **Percentage of Expenditures to be Financed** |
| (1) Goods, Consultants Services and Training under Part I of the Project | 80,000 | 100% |
| (2) Goods and Consultants Services under Part IV of the Project | 1,200,000 | 100% |
| (3) Goods, Works and Consultants Services under Part V of the Project | 540,000 | 100% |
| (4) Initial contribution to the DIFK under Part VI of the Project | 2,480,000 | 100% |
| **TOTAL AMOUNT** | 4,300,000 |  |

**B. Withdrawal Conditions; Withdrawal Period**

1.Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement; or

(b) under Category 4, unless evidence satisfactory to the Association has been furnished to the Association that the DIFK has completed the following steps, in form and substance satisfactory to the Association: (i) appointed the personnel necessary to carry out its operations and operate the Deposit Insurance Scheme; (ii) adopted regulations or directives instituting adequate financial management and other fiduciary procedures and standards applicable to the DIFK; (iii) entered into a binding legal agreement with the CBK under which the CBK shall provide to the DIFK financial management and other fiduciary services for the Deposit Insurance Scheme and the DIFK Fund; (iv) developed materials explaining the coverage of deposits and the services provided under the Deposit Insurance Scheme; and (v) through its Management Board, resolved that the initial contribution to the DIFK to be provided under Category 4 will, once received, be sufficient for the DIFK to commence operation of the Deposit Insurance Scheme.

2.The Closing Date is June 30, 2014.

**Section V. Other Undertakings**

**A.** **Contribution to the DIFK**

The Recipient shall, immediately upon making a withdrawal under Category 4, make the amount of such withdrawal available in its entirety to the DIFK as contemplated under this Agreement.

**B. Closing Assessment**

1. The Recipient shall review and assess with the Association no later than March 31, 2014, the operations of the DIFK and the Deposit Insurance Scheme (the “Closing Assessment”). In making the Closing Assessment, the following factors will be considered: (i) the governance arrangements for the DIFK are satisfactory to the Association; (ii) the financial management system of the DIFK is satisfactory to the Association; (iii) the DIFK and the Deposit Insurance Scheme are operating in accordance with the provisions of the DIFK Legislation and this Agreement; (iv) the DIFK Fund, in the opinion of the Association, has sufficient resources for the continued operation of the Deposit Insurance Scheme; (v) the DIFK’s audit reports are unqualified; (vi) the DIFK has adopted by-laws and an operating manual satisfactory to the Association; and (vi) any other factors considered relevant by the Association.

2. Following the Closing Assessment, the Association may require the Recipient, in consultation with the CBK and the DIFK, to:

(a) no later than April 30, 2014, prepare a plan (the “Plan”) designed to ensure the continued achievement of the DIFK’s objectives, and the continued operation of the DIFK and the Deposit Insurance Scheme; and

(b) afford the Association a reasonable opportunity to exchange views with the Recipient on the Plan.

3. The Recipient shall immediately repay into the Credit Account for cancellation an amount equal to the proceeds of the Credit provided by the Association under Part VI of the Project, if the Closing Assessment or the Plan is, in the opinion of the Association, unsatisfactory.

**C. Monitoring Arrangements for the DIFK**

1. The Recipient shall, at all times, ensure that the DIFK maintains governance arrangements and a financial management system adequate to reflect the operations, resources and expenditures of the DIFK, both acceptable to the Association.

2. The Recipient shall, at all times, ensure that the DIFK: (i) prepares and maintains annual financial statements in accordance with consistently applied accounting standards acceptable to the Association; (ii) has such financial statements annually audited by independent auditors in accordance with consistently applied auditing standards; (iii) prior to the Project Closing Date, makes such audited financial statements publicly available and furnishes to the Association copies of such audited financial statements not later than six (6) months after the end of the financial year; (iv) after the Project Closing Date, makes such audited financial statements publicly available within one month of such reports becoming available and furnishes to the Association, upon its request, copies of such audited financial statements, as the Association may require; (v) performs a special audit upon the Association’s request, and makes the reports and findings of such special audit available to the Association; and (vi) if a payment under the Deposit Insurance Scheme is made out of the DIFK Fund to an entity, provides to the Association, at the Association’s request, evidence that the payment was made on account of an Insured Event.

**SCHEDULE 3**

**Repayment Schedule**

|  |  |
| --- | --- |
| **Date Payment Due** | **Principal Amount of the Credit repayable**  **(expressed as a percentage)\*** |
| On each April 15 and October 15, commencing October 15, 2021 to and including April 15, 2031: | 5% |

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

**APPENDIX**

**Section I. Definitions**

1. “Anti-Corruption Guidelines” means 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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “CBK” means the Central Bank of Kosovo established and operating under Law No. 03/L-074 on the Central Bank of the Republic of Kosovo.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
5. “Deposit Insurance Scheme” means the deposit insurance services provided by the DIFK to deposit-taking financial institutions in Kosovo in accordance with DIFK’s Legislation.
6. “DIFK” means the Deposit Insurance Fund of Kosovo, established under DIFK’s Legislation.
7. “DIFK Fund” means the capital reserves of the DIFK, whether maintained as liquid assets or investments in securities, including any interest or yield earned thereon.
8. “DIFK’s Legislation” means the Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo.
9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
10. “Grant Unit” means the Grant Unit within the Recipient’s Ministry of Finance.
11. “Insured Event” means the revocation by the CBK of the banking license of a deposit-taking financial institution as a result of such institution’s financial failure.
12. “Management Board” means the Management Board of the DIFK.
13. “Original Financing Agreement” means the financing agreement for the Financial Sector Technical Assistance Project, as amended and renamed Financial Sector Strengthening and Market Infrastructure Project by the amendment letter of even date, between the Recipient and the Association, dated December 14, 2007 as amended to the date of this Agreement (Grant No H341-KOS).
14. “Original Project” means the Project described in the Original Financing Agreement.
15. “PMT” or “Project Management Team” means the project management team, referred to in Paragraph A.2(a) of Section I of Schedule 2 to this Agreement, established in the CBK on November 20, 2007.
16. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 10, 2011 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
18. “RTGS Working Group” shall mean the working group, referred to in Paragraph A.2(b) of Section I of Schedule 2 to this Agreement, established at the CBK on January 27, 2010.
19. “Training” means expenditures, as approved by the Association, on the basis of annual budgets and plans acceptable to the Association, and incurred in connection with training, workshops, seminars, conferences, and study tours to be carried out under the Project, including travel costs and per-diem allowances for the trainees, and other training-related expenditures as agreed with the Association.

**ANNEX**

**NATIONAL COMPETITIVE BIDDING - MODIFICATIONS**

The procedures to be followed for procurement of goods/works and non-consulting services using National Competitive Bidding shall be those of “Open Procedure” method as set forth in the Law No. 03/L-241, dated September 30, 2010 of the Republic of Kosovo with the following clarifications:

1. **Participation by foreign bidders**

Foreign bidders shall not be precluded from bidding. Foreign bidders shall not be required to form a joint venture or to sub-contract part of the supply of goods, works and services as a condition for submitting bids or the award of the contract.

1. **Registration**

Bidding shall not be restricted to pre-registered firms. Where registration is required, bidders: (1) shall be allowed a reasonable time to complete the registration process; and (2) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

1. **Advertising**

Invitations to bid shall be advertised in a national newspaper of wide circulation in the national language(s) or official gazette provided that it is of a wide circulation or on a widely used website or electronic portal with free national and international access allowing a minimum of 30 days for the preparation and submission of bids.

1. **Pre-qualification**

(a) Pre-qualification shall be used only for large, complex and/or specialized works; (b) where used, prequalification criteria shall be on a “pass/fail” basis; (c) minimum experience, technical and financial requirements shall be explicitly stated in pre-qualification documents acceptable to the Association.

1. **Participation by Government-owned enterprises**

Government-owned enterprises in Kosovo shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Borrower (as this term is defined in the Procurement Guidelines). Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

1. **Bidding Documents**

Procuring entities shall use the appropriate standard bidding documents acceptable to the Association.

1. **Bid Opening and Bid Evaluation**

(a) Bids shall be submitted in a single envelope and shall be opened in public immediately after the deadline for submission of bids. The name of the bidder, the total amount of each bid ,discounts (if any) and existence of bid security shall be read aloud and recorded in the minutes of the public bid opening; a copy of the minutes shall be promptly provided to all bidders, and to the Bank/Association with respect to contracts subject to prior review.

(b) Evaluation of bids shall be made through post-qualification in strict adherence to the monetarily quantifiable criteria declared in the bidding document. Qualification criteria shall be on a “pass/fail” basis.

(c) Contracts shall be awarded to the lowest evaluated, substantially responsive bidder who is determined to be qualified to perform the contract in accordance with pre-defined and pre-disclosed evaluation criteria and no negotiation as to the price or substance shall take place.

(d) An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the expiration date and for a minimum period required to complete the evaluation or award a contract, but not to exceed thirty (30) days. No further extensions shall be requested without the prior concurrence of the Association.

1. **Price Adjustment**

Civil works contracts of long duration (more than 18 months) shall contain an appropriate price adjustment clause.

1. **Rejection of Bids**

All bids shall not be rejected (even if less than two (2) responsive bids are received), the procurement process shall not be cancelled and new bids solicited without the Bank/Association’s prior concurrence.

1. **Securities**

A bid security shall be required and it shall not exceed three percent (3%) of the estimated cost of the contract and performance security not more than ten percent (10%) of the contract price. No advance payment shall be made to contractors without a suitable advance payment security.

**11. Award of Contract**

Within two weeks from the Association’s no-objection to the award recommendation for contracts subject to prior review contracts and within two weeks from the Recipient’s decision for contracts subject to post review, the contracting authority shall publish the following information on contract award in on a free and open access website or on another means of publication acceptable to the Association: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated price of each bid that was evaluated; (iv) name of bidders whose bids were rejected and the reasons for their rejection; and (v) name of the winning bidder, final contract price and duration and summary scope of the contract awarded.

1. **Right to inspect and audit**

In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed from the proceeds of the Credit shall provide that: (i) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the Association, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance , and to have them audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

1. **Fraud & Corruption**

Each bidding document and contract financed from the proceeds of the Credit shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The World Bank will sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a World Bank-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier or service provider of an otherwise eligible firm being awarded a World Bank-financed contract.