Global Environment Facility
Trust Fund Grant Agreement

Implementation of the Strategic Action Plan
For the Red Sea and Gulf of Aden
(Components 2 and 6)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Acting as an Implementing Agency of the Global Environment Facility

and

The Regional Organization for the Conservation of the Marine Environment
of the Red Sea and Gulf of Aden
(PERSGA)

Dated March 21, 1999

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated March 21, 1999, between INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT (the Bank), acting as an implementing agency of the Global Environment
Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain
members of the Bank as participants of the GEF, and the Regional Organization for the
Conservation of the Marine Environment of the Red Sea and Gulf of Aden, PERSGA (the
Recipient) established pursuant to Article XVI of the Jeddah Convention of February
14, 1982 on the Environmental Protection of the Red Sea and Gulf of Aden (the Jeddah
Convention).

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the
Executive Directors of the Bank, established the GEF to assist in the protection of
the global environment and promote thereby environmentally sound and sustainable
economic development;

(B) following the restructuring of the GEF, such arrangements are continued
in place on the basis set forth in Resolution No. 94-2 of May 24, 1994 of the
Executive Directors of the Bank, establishing the GEF Trust Fund;

(C) the Red Sea and Gulf of Aden countries having satisfied themselves as to
the feasibility and priority of the project (the Project) described in Schedule 2 to
this Agreement have requested assistance from the resources of the GEF Trust Fund in
the financing of the Project, and the Bank has determined that such assistance would
be in accordance with the provisions of such Resolution No. 94-2;

(D) the Red Sea and Gulf of Aden countries have approved, by Decision of the
Council of Ministers of PERSGA, dated October 26, 1996, the right of PERSGA to enter
into agreements with donor organizations to implement projects related to the conservation of the Red Sea and Gulf of Aden such as the Strategic Action Program for the Red Sea and Gulf of Aden (SAP) and to take all action necessary for the Recipient to carry out its obligations under such Agreements and undertaking certain other commitments on their part in this regard;

(E) the Recipient has entered into agreements and has secured assistance from the United Nations Development Program (UNDP), the United Nations Environmental Program (UNEP), and the Government of the Kingdom of Saudi Arabia to participate in achieving the overall objectives of the Project; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient upon the terms and conditions set forth in this Agreement.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I
General Conditions; Definitions

Section 1.01 (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements for Currency Pool Loans of the Bank, dated January 1, 1985 (as amended through December 2, 1997), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

(i) Article I;

(ii) Section 2.01, paragraphs 2, 3, 4, 6, 8, 9, 10, 15, 16, 17, 18, 19 and 20, and Sections 2.02 and 2.03;

(iii) Section 3.01;

(iv) Section 4.01 and the first sentence of Section 4.09;

(v) Article V;

(vi) Sections 6.01, 6.02 (c), (e), (i), and (k), 6.03, 6.04, and 6.06;

(vii) Section 8.01 (b);

(viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;

(ix) the second sentence of Sections 10.01, 10.03, and 10.04;

(x) Article XI; and

(xi) Sections 12.01(c), 12.03 and 12.04.

(b) The General Conditions shall be modified as follows:

(i) a new paragraph shall be added to the end of Section 2.01 to read as follows: "the term "Special Drawing Rights and the symbol "SDR" mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement";

(ii) the term "Bank", wherever used in the General Conditions, other than in Section 2.01(8), and in Section 6.02 (f) thereof, and the last use of such term in Section 5.01 thereof means the Bank acting as an implementing agency of the GEF except that in Section 6.02 the term "Bank" shall also include the Bank acting in its own capacity;

(iii) the term "Borrower", wherever used in the General Conditions, means the Recipient;

(iv) the terms "Loan Agreement" and "Loan", wherever used in the General Conditions (except in paragraph 19 of Section 2.01 thereof) mean the GEF Trust Fund Grant;

(v) the term "Loan", wherever used in the General Conditions, means
the GEF Trust Fund Grant;

(vi) the term "Loan Account", wherever used in the General Conditions, means the GEF Trust Fund Grant Account, an account opened by the Bank on its books in the name of the Recipient to which the amount of the GEF Trust Fund Grant is credited;

(vii) a new sub-paragraph is added after subparagraph (j) in Section 6.02 of the General Conditions, as follows: "(j) an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF";

(viii) the second sentence of Section 5.01 is modified to read: "Except as the Bank and the Recipient shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations"; and

(ix) Section 10.04 is amended to read: "Any dispute arising out of or relating to this Agreement which is not settled by agreement of the parties shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules in force on the date of this Agreement. The place of Arbitration shall be Washington, D.C. In the event of a conflict between UNCITRAL arbitration rules and the terms of this Agreement, the terms of this Agreement will govern".

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(b) "PIP" means the Project Implementation Plan, satisfactory to the Bank, referred to it in Section 7.01 of this Agreement, which contains, inter alia, the operating procedures for the carrying out of the Project, as the same may be amended from time to time, and such term includes any schedules to the PIP;

(c) "PMT" means the Project Management Team referred to in Paragraph 1 of Schedule 3 to this Agreement and established by PERSGA on September 1, 1998;

(d) "SAP" means the Strategic Action Program for the Red Sea and the Gulf of Aden adopted by the Red Sea and Gulf of Aden countries with GEF support;

(e) "National Focal Point" means PERSGA national focal points in each of the Red Sea and Gulf of Aden countries;

(f) "National Program Coordinator" means the Project hired staff member in the four southern countries, namely: Djibouti, Somalia, Sudan and Yemen; and

(g) "Red Sea and Gulf of Aden Countries" means the State-members of the Regional Convention for the Conservation of the Red Sea and Gulf of Aden Environment adopted in Jeddah on February 14, 1982 and entered into force on August 20, 1985 (the Jeddah Convention), which are adjacent to the Red Sea and Gulf of Aden, namely: Djibouti, Egypt, Jordan, Saudi Arabia, Somalia, Sudan and Yemen.

ARTICLE II

The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount in various currencies equivalent to SDR 4,000,000.

Section 2.02. (a) The amount of the GEF Trust Fund Grant may be withdrawn from
the GEF Trust Fund Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.

(b) The recipient may, for the purpose of the Project, open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2003, or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Bank shall otherwise agree, the Recipient shall carry out the Project in accordance with the Implementation Program set forth in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank no later than six (6) months after the closing date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan designed to ensure the sustainability of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

ARTICLE IV

Financial Conditions

Section 4.01. (a) The Recipient shall establish and maintain a financial management system, including records of separate accounts, and prepare financial statements in a format acceptable to the Bank, adequate to reflect the operations, resources and expenditures for and in connection with the carrying out of the Project.

(b) The Recipient shall:

(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case no later than six (6) months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such financial statements, records and accounts and a report of such audit by such auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to
time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of statements of expenditures, the Recipient shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts adequate to reflect the operations, resources and expenditures related to the Project;

(ii) retain, until at least one (1) year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other related documents) evidencing such expenditures;

(iii) enable the Bank’s representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Recipient shall carry out a time-bound action plan acceptable to the Bank for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Recipient, not later than March 31, 2000, or such later date as the Bank shall agree, to prepare quarterly Project management reports, acceptable to the Bank, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the GEF Trust Fund Grant during the period covered by said report and expenditures proposed to be financed out of the proceeds of the GEF Trust Fund Grant during the six-month period following the period covered by said report;

(ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and

(iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the GEF Trust Fund Grant, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Recipient shall prepare, in accordance with guidelines acceptable to the Bank, and furnish to the Bank not later than forty-five (45) days after the end of each quarter a Project Management Report for such period.

ARTICLE V
Other Covenants

Section 5.01. The Recipient shall carry out on its business and operations, and otherwise conduct all its affairs, in accordance with sound international waters and biological diversity protection and ecological practices, and in accordance with appropriate environmental standards, acceptable to the Bank, and at all times under the supervision of qualified and experienced management assisted by competent staff.

Section 5.02. The Recipient shall promptly take all measures necessary to acquire, maintain, renew and otherwise exercise all rights, powers, privileges, registrations and franchises required for the proper conduct of its business and operations and otherwise for its proper carrying out of all its obligations under this Agreement.
Section 5.03. The Recipient shall take out and maintain with responsible insurers or make other provisions satisfactory to the Bank for insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 5.04. The recipient shall promptly take all measures necessary to acquire, maintain, renew and otherwise exercise all rights, powers, privileges, registrations and franchises required for the proper conduct of its business and operations, and otherwise for its proper carrying out of all its obligations under this Agreement.

Section 5.05. The Bank is not an agent of or a trustee for the Recipient and shall not have any fiduciary duty toward, or relationship with, the Recipient.

ARTICLE VI
Remedies of the Bank

Section 6.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) any of the Red Sea and Gulf of Aden countries shall have taken any action for the dissolution or disestablishment of the Recipient or for the suspension of any of its operations so as to affect materially and adversely its ability to perform any of its obligations under this Agreement or otherwise carry out any part of the Project thereof;

(b) any of the Red Sea and Gulf of Aden countries shall have taken any action, including the enactment of issuance of laws and regulations, which, in the opinion of the Bank, may adversely affect, prevent, or interfere with the carrying out of the Project or the performance by the Recipient of any of its obligations under this Agreement; and

(c) any of the Red Sea and Gulf of Aden countries shall have failed to afford reasonable opportunities for representatives of the Bank to visit any part of its territory for purposes related to the Project.

ARTICLE VII
Effectiveness; Termination

Section 7.01. The following events are specified as additional conditions to the effectiveness of the GEF Trust Fund Grant within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Recipient has adopted the PIP in form and substance satisfactory to the Bank;

(b) the Recipient shall have established the financial management system referred to in Paragraph 4.01 of this Agreement, satisfactory to the Bank; and

(c) the Recipient shall have prepared a detailed work program and procurement plan for the first year of Project implementation.

Section 7.02. The date ninety (90) days is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 7.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

ARTICLE VIII
Representatives of the Recipient; Addresses

Section 8.01. The President of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:
International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBAFRAD
Telex: 248423 (MCI)
Washington, D.C. 64145 (MCI)

For the Recipient:
The Regional Organization for the Conservation of the Marine
Environment of the Red Sea and Gulf of Aden (PERSGA)
P.O. Box 53662, Jeddah 21583
Kingdom of Saudi Arabia
Tel/Fax 966 2 651 4472
Email: persga@computec.com.bh

Cable address: ARSADEPT
Telex: 601236 ARSAD SJ

With copy to:
Representatives of the Government-Parties to the Jeddah Convention on
The Conservation of the Marine Environment of the Red Sea and Gulf of
Aden.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized
representatives, have caused this Agreement to be signed in their respective names in
the District of Columbia, United States of America, as of the day and year first above
written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
as an Implementing Agency of the Global Environment Facility

By /s/ Inder K. Sud
Country Director
Middle East Department
Middle East and North Africa Region

REGIONAL ORGANIZATION FOR THE CONSERVATION OF THE MARINE
ENVIRONMENT OF THE RED SEA AND THE GULF OF ADEN (PERSGA)

By /s/ Nizar Tawfiq
Secretary General

SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

1. The table below sets forth the Categories of items to be financed out of the
proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust
Fund Grant to each Category and the percentage of expenditures for items so to be
financed in each Category:

<table>
<thead>
<tr>
<th>Amount of the GEF Trust Fund Grant Allocated</th>
<th>% of (Expressed in Expenditures)</th>
</tr>
</thead>
</table>


2. For the purposes of this Schedule:

   (a) the term "foreign expenditures" means expenditures in the currency of any country other than those of Red Sea and Gulf of Aden countries for goods or services supplied from the territory of any country other than those of the Red Sea and Gulf of Aden countries;

   (b) the term "local expenditures" means expenditures in the currency of the Red Sea and Gulf of Aden countries or for goods or services supplied from the territories of the Red Sea and Gulf of Aden countries; and

   (c) the term "Incremental Operating Costs" means expenditures required for travel allowances for the Recipient’s staff, telecommunications, purchase and maintenance of office equipment, supplies and provision of audit services.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures for: (a) goods under contracts costing less than $50,000 equivalent; (b) services for consulting firms costing less than $100,000 equivalent; (c) services for individual consultants costing less than $50,000 equivalent; and (d) travel and subsistence expenditures with respect to Consultants’ services and training activities under the Project costing less than $10,000 equivalent, per person.

5. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

SCHEDULE 2

Description of the Project

1. The objectives of the Project are: (a) the conservation of the coastal and marine environment of the Red Sea and Gulf of Aden and to ensure sustainable use of its resources through implementation of the Strategic Action Plan that has been prepared by PERSGA, and (b) support the Red Sea and Gulf of Aden countries in implementing the provisions of the Jeddah Convention and other relevant international legal instruments related to marine environmental protection.

2. The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve such objectives:

   (a) Reduction of navigation risks and maritime pollution: (i) support for the establishment of Port State Control offices in the Red Sea and Gulf of Aden; (ii) preparation and carrying out training programs for port state control officers; (iii) the study and introduction of Traffic Separation Schemes (TSS) and other maritime routing systems, including the survey of two priority areas and printing of updated charts; (iv) survey of selected portions of the Red Sea and Gulf of Aden; (v) support for the preparation and adoption of Regional Oil Spill Contingency Strategy within which sub-regional, national and local Oil Spill Contingency Plans will be located, including training for oil spill preparedness and combating procedures; and (vi)
installation of one navigation aid in the coastal zone of Yemen.

(b) Support for Integrated Coastal Zone Management (ICZM): (i) support of training and workshop activities to develop a common regional framework for ICZM; (ii) support of study to harmonize regional and national Geographical Information Systems (GIS), including the development of standardized GIS database on coastal environment; and (iii) support for the preparation of ICZM plans in Djibouti, Northern Coast of Somalia, Sudan and Yemen.

* * *

The Project is expected to be completed by June 30, 2003.

SCHEDULE 3

Implementation Program

1. The Recipient shall maintain, until completion of the Project, the PMT headed by a Program Coordinator, who will be a PERSGA staff member, with the support of an internationally recruited Chief Technical Advisor and a UNDP Program Coordinator. The PMT shall include an internationally recruited Procurement/Finance Specialist and a regional specialist to coordinate implementation of each component.

2. PMT shall be responsible for overall Project coordination and implementation and shall work closely with the PERSGA National Focal Points and with Project supported National Program Coordinators for each of the following countries: Djibouti, Somalia, Sudan and Yemen.

3. (a) Except as the Bank shall otherwise agree, the Recipient shall, in carrying out the Project, apply the guidelines and procedures specified in the PIP or waive any provision thereof, which, in the opinion of the Bank, will materially or adversely affect the implementation of the Project.

(b) The Recipient shall: (i) no later than January 31 of each year, furnish to the Bank for approval the draft annual work plan for the Project; (ii) by March 31 of each year furnish to the Bank the final annual work plan; and (iii) carry out the activities for the year in question on the basis of such work plan.

4. The Recipient shall, commencing July 1, 1999, furnish to the Bank, every six (6) months progress reports on implementation of the Project.

5. The Recipient shall prepare and furnish to the Bank, for its approval, semi-annual programs and budgets, commencing, July 1, 1999, for all training activities, seminars and workshops for the following six-month period.

6. The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators referred to in the Annex to this Schedule, the carrying out of the Project and achievement of the objectives thereof;

(b) prepare under the terms of reference satisfactory to the Bank, and furnish to the Bank, not later than July 1, 2001, a report integrating inter alia the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by December 31, 2001, or such later date as the Bank shall request, the report referred to in paragraph (b) of this section, and thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank’s views on the matter.

SCHEDULE 4

Procurement

Section I. Procurement of Goods
Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods, estimated to cost less than $200,000 equivalent per contract, up to an aggregate amount of $400,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

Goods, estimated to cost less than $20,000 equivalent per contract, up to an aggregate amount of $100,000 equivalent, may be procured under contracts awarded on the basis of international or national shopping procedures, at the option of the Recipient, in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract to be awarded pursuant to Part B of this Section, and the first two contracts for goods and for works to be awarded pursuant to Part C.1 of this Section, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to the first two contracts for goods and for works to be awarded pursuant to Parts C.2 of this Section, respectively, the following procedures shall apply:

(i) prior to the selection of any supplier or contractor, as the case may be, the Recipient shall provide to the Bank a report on the comparison and evaluation of quotations received;

(ii) prior to the execution of the contract, the Recipient shall provide to the Bank a copy of the specifications and the draft contract; and

(iii) the procedures set forth in paragraphs 2(f), 2(g), and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants’ services shall be procured in accordance with the provisions of the
Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines) and the following provisions of this Section II.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants’ services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants’ services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services, estimated to cost less than $50,000 equivalent per contract, may comprise entirely regional or national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Under a Fixed Budget or Least-Cost Selection

   Services for monitoring and evaluation of Subprojects, training, education, dissemination activities, and operational advice and technical support to PMT and national regulatory agencies of beneficiary countries estimated to cost less than $20,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 (selection under a fixed budget) or paragraphs 3.1 and 3.6 (least-cost selection) of the Consultant Guidelines, at the option of the Recipient.

2. Individual Consultants

   Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

   Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants’ services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

   (a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of $100,000 or more, pursuant to Part B of this Section, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

   (b) With respect to the first two contracts for the employment of consulting firms pursuant to Part C.1 of this Section, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

   (c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of $20,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

   With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall
apply, provided, however, that the terms of reference for the respective assignments shall be subject to the Bank’s prior review and approval.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories means Categories (1) through (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of the Project;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to $300,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Recipient directly from the GEF Trust Fund Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;
(c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.