Global Environment Facility
Grant Agreement

(Sustainable Production Systems and Conservation of Biodiversity Project)

between

REPUBLIC OF PANAMA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Date: July 9, 2015
GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT

AGREEMENT dated July 9, 2015 entered into between REPUBLIC OF PANAMA ("Recipient") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF") and as a Trustee of the GEF Trust Fund (the "GEF Trust Fund").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix to this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule I to this Agreement ("Project"). To this end, the Recipient shall cause ANAM to carry out the Project in accordance with the provisions of Article II of the Standard Conditions and the Subsidiary Agreement.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to nine million five hundred eighty-nine thousand United States Dollars (US$ 9,589,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned GEF Trust Fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV**

**Additional Remedies**

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) The Recipient or ANAM shall have failed to deposit, as capitalization of the Endowment Fund, an amount of at least $3,500,000 equivalent by December 31, 2016 or such later date as the World Bank shall agree.

(b) The Endowment Fund shall have been terminated, dissolved or their operations suspended or any payment or disbursement shall have been made out to the proceeds of the Endowment Fund in breach of the provisions of this Agreement.

(c) The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement has been effective on the date such event occurred.

**Article V**

**Effectiveness; Termination**

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary action of the Recipient.
The Subsidiary Agreement has been executed on behalf of the Recipient and ANAM and has become effective, duly authorized or ratified by the Recipient and ANAM and is legally binding upon the Recipient and ANAM in accordance with its terms.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 of this Agreement, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel or counsels acceptable to the World Bank or, if the World Bank so requests, a certificate or certificates, satisfactory to the World Bank of a competent official or officials of the Recipient, showing the following matters:

(a) on behalf of the Recipient, namely, that this Agreement and the Subsidiary Agreement have been duly authorized or ratified by, and executed and delivered on its behalf and are legally binding upon it in accordance with their terms; and

(b) on behalf of ANAM, namely, that the Subsidiary Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. 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 5.01 ("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.

5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 150 (one hundred and fifty) days after the date of this Agreement (the Effectiveness Deadline) unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The World Bank shall promptly notify the Recipient of such later date.

5.05. Without prejudice to the provisions of Section 5.04 of this Agreement, the Effectiveness Deadline shall in no case be later than eighteen (18) months after the World Bank's approval of the Grant which expires on August 9, 2016.
Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Economy and Finance.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministerio de Economía y Finanzas
Dirección de Cooperación Técnica Internacional
Via España, Calle 52
Edificio OGAWA, Piso 3
Panamá, República de Panamá

Facsimile: (507) 507-7700

6.03. The Bank’s Address is:
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBAFRA D
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Panama City, Republic of Panama, as of the day and year first above written.

REPUBLIC OF PANAMA

By

[Signature]
Authorized Representative
Name: Ivan A. Zarac Añias
Title: Acting Minister of Economy and Public Finance

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

By

[Signature]
Authorized Representative
Name: Anabela Abreu
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to conserve globally significant biodiversity through the improvement of the management effectiveness of the Project Protected Areas and biodiversity mainstreaming in the Buffer Zones.

The Project consists of the following components:

Component 1 – Sustainable Management of Protected Areas

Improvement of the management effectiveness and long-term sustainability of the Project Protected Areas with a focus on financial sustainability and the monitoring of biodiversity, and monitoring and evaluation of the Project, including:

(a) **Alliances for Participatory Management**

   (i) Carrying out of activities to facilitate and promote concessions and co-management of PAs with NGOs, municipalities, traditional authorities and other entities.

   (ii) Carrying out of a study of a system of payment for environmental services, including a review of relevant regional experiences of implementation of such a system.

(b) **Biodiversity Monitoring**

   Identification of a baseline of the existing biodiversity information of selected Project Protected Areas, and monitoring of variations in the biological situation of such areas.

(c) **Endowment Fund**

   Establishment and capitalization of a mechanism to support the financing of the implementation of PAs Annual Operational Plans (the Endowment Fund).

Component 2 – Biodiversity and Sustainable Productive Landscapes

Mainstreaming biodiversity and sustainable production in the Project PAs and Buffer Zones, including:
(a) **Biodiversity-friendly Production Systems**

Provision of Sub-grants to CBO Beneficiaries operating in the Project PAs and Buffer Zones for the carrying out of activities to scale up their operations and implement biodiversity-friendly and climate-smart production and management practices with a focus on gaining or increasing access to markets for their products so that biodiversity-friendly practices become economically sustainable (the Biodiversity-Friendly Production Subprojects).

(b) **Strengthening of CBOs**

Development and implementation of a capacity building and training strategy to strengthen the technical and business management skills of CBOs, including customized training to indigenous communities in their native languages.

(c) **Municipal Environmental Subprojects**

Provision of Sub-grants to Municipalities to carry out activities for the protection, conservation and management of natural resources in the PAs located within the Municipalities’ jurisdiction (the Municipal Environmental Subprojects).

Component 3 – **Knowledge Management, Training and Communications**

Development and implementation of communication and outreach campaigns for dissemination of information on the Project, promotion of partnerships for the management of PAs, awareness raising and fundraising for the Endowment Fund; and for educating consumers on biodiversity-friendly products, and the economic value of biodiversity through, *inter alia*:

(a) **Knowledge Management**

(i) Capacity-building activities with key Project stakeholders on good practices and knowledge management at local and regional levels to support biodiversity mainstreaming and develop ownership for the Project goals.

(ii) Promotion of citizen engagement to ensure effective conservation.

(iii) On-the-ground training and professional certification of park guards by qualified universities.
(iv) Strengthening ANAM’S capacity to carry out environmental economic analysis as needed to support the Recipient’s decision and policy makers of the economic value of biodiversity.

(v) Dissemination of information and promotion of the PAs biodiversity.

(vi) Carrying out of a communications and fundraising strategy for the Endowment Fund.

(b) South-South Cooperation and Promotion of Partnerships

(i) Implementation of a regional program for training and technology transfer related to sustainable production.

(ii) Development of standards and/or market labels, and/or certification of biodiversity-friendly products.

(iii) Sharing of experiences on Private Reserves and connectivity of biological corridors.

(c) Strategic Communication and Outreach

Development and implementation of communications and educational campaigns to raise awareness among citizens, businesses, and producers to promote production and consumption of Biodiversity-Friendly labeled goods, and to seek contributions from private companies, donors, Recipient’s agencies and citizens for such activities.

Component 4 – Project Management

Strengthening the ANAM’s capacity for implementation of the Project by supporting its technical and administrative coordination and financing its Project audits.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to ANAM, under a subsidiary agreement ("Subsidiary Agreement") between the Recipient and ANAM, under terms and conditions approved by the World Bank.

2. The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such 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, terminate, waive or fail to enforce the Subsidiary Agreement or any of its provisions.

B. Operational Manual

1. The Recipient shall cause ANAM to carry out the Project in accordance with the Operational Manual, satisfactory to the World Bank, which shall set forth rules, methods, guidelines, standard documents and procedures for the carrying out of the Project including, inter alia:

   (a) (i) the detailed description of implementation activities, their sequencing and the prospective timetable and benchmarks in relation thereto; and (ii) the detailed institutional arrangements in respect thereof;

   (b) the administrative, accounting, auditing, reporting, financial, procurement and disbursement procedures, including all pertinent standard documents and model contracts in relation thereto;

   (c) the Environmental and Social Management Framework, including the Process Framework and the Indigenous Peoples Plan;

   (d) the plan for the training and capacity building activities, as applicable;

   (e) (i) the criteria for the eligibility of Subprojects including, inter alia: geographical location and scope, socio-environmental aspects, institutional capacity, citizen participation, and contribution to PAs' environmental management; (ii) the criteria for the eligibility of CBOs, CBO Beneficiaries and Municipalities including, among others: selected
geographical locations, land tenure, socio-environmental, economic, and organizational aspects; (iii) the co-financing requirements of Subprojects by the Beneficiaries; and (iv) the standard forms of Sub-grant Agreements;

(f) the twelve Project Protected Areas;

(g) the plan for the monitoring and supervision of the Project activities, including all environmental and social aspects in relation thereto; and

(h) the performance indicators for the Project.

2. In the event that any provision of the Operational Manual shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

3. The Operational Manual may be amended from time to time only with the World Bank's prior written consent.

C. Project Implementing Unit

1. The Recipient shall cause ANAM to operate and maintain at all times during the execution of the Project, a unit responsible for the coordination, management, supervision, monitoring and evaluation of the Project (PIU), with structure and functions satisfactory to the World Bank and qualified staff in adequate numbers as required to carry out its responsibilities under the Project, including, inter alia, a coordinator, specialists with expertise in biodiversity conservation, biodiversity survey and monitoring, site planning and management, social and rural development, policy and regulatory aspects, outreach and communications, a procurement office and administrative and technical assistants, all with qualifications, experience and under terms of reference acceptable to the World Bank.

2. The Recipient shall cause ANAM by not later than two months after the Effective Date, employ for the period of Project implementation, a fiduciary agent to handle the financial management aspects of the Project under terms and conditions satisfactory to the World Bank.

D. Sub-projects and Sub-grant Agreements

1. For purposes of carrying out any Subproject under Component 2 of the Project, the Recipient shall cause ANAM to finance Sub-grants to Beneficiaries out of the proceeds of the Grant pursuant to the terms of an agreement ("Sub-Project Agreement") with each Beneficiary, under terms and conditions acceptable to the World Bank, substantially in accordance with the standard forms of agreement set forth in the Operational Manual.
2. The Recipient shall cause ANAM to exercise its rights and carry out its obligations under each Sub-grant Agreement in such 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 cause ANAM not to assign, amend, abrogate, terminate, waive or fail to enforce any Sub-grant Agreement or any of its provisions.

3. The Recipient shall cause ANAM to ensure that the Sub-grants are made to Beneficiaries in accordance with eligibility criteria and procedures set forth in the Operational Manual and in this Section D.

4. Except as the World Bank may otherwise agree in writing, no Sub-project shall be eligible for financing out of the Grant proceeds, unless ANAM has determined the proposed Sub-project satisfies the following eligibility criteria and such additional criteria as may be specified in the Operational Manual:

   (a) the proposed Sub-project is economically, financially and technically feasible, environmentally sound, and to be carried out by eligible CBOs and Municipalities in Project PAs and the Buffer Zones;

   (b) the proposed Sub-project consists of specific development activities under Component 2 of the Project, respectively, and further elaborated in the Operational Manual and complies with all applicable laws and regulations of the Recipient; and

   (c) the proposed Sub-project satisfies the eligibility criteria for safeguards specified in the Operational Manual and is in compliance with the provisions of the applicable safeguard requirements under this Agreement.

E. Endowment Fund

1. **Endowment Fund Manual**: The Recipient shall cause ANAM to issue a manual, satisfactory to the Bank, setting forth specific rules and procedures for the operation of the Endowment Fund including, *inter alia*:

   (a) the governance structure;

   (b) the financial structure and asset manager’s role;

   (c) the mechanisms to finance the implementation of PAs management plans;

   (d) the disbursement, auditing and reporting requirements of the Endowment Fund (including reporting to the World Bank);

   (e) the eligible expenditures to be financed;
(f) the criteria for eligibility of PAs for financing by the Endowment Fund and the institutional arrangements required therefore;

(g) the Investment Strategy and the investment guidelines; and

(h) the monitoring and evaluation requirements.

2. In case of any conflict between the terms of this Agreement and those of the Endowment Fund Manual, the terms of this Agreement shall prevail.

3. The Endowment Fund Manual may be amended from time to time only with the World Bank’s prior written consent.

4. **Endowment Fund Capitalization and Management:**

   (a) The Recipient, or ANAM on its behalf, shall deposit within the Endowment Fund all proceeds of the GEF Grant disbursed under Category (2). Once so deposited, said proceeds shall constitute part of the Endowment Fund’s capital. For financial reporting purposes, such funds shall be kept segregated from funds deposited by other donors into such fund.

   (b) The Endowment Fund’s capital shall be invested so as to generate income to cover the eligible costs associated with the implementation of PAs Annual Operational Plans, starting either: (i) after the Closing Date if the Endowment Fund is not higher than US$ 5,000,000; or (ii) as soon as the Endowment Fund capital reaches the minimum amount of US$ 5,000,000, whatever occurs first.

   (c) The Endowment Fund’s capital shall be invested through an internationally recognized financial manager (“Asset Manager”) hired in compliance with procedures acceptable to the World Bank, acting under a contract, satisfactory to the World Bank, between the Recipient or ANAM on its behalf and said manager, which contract shall require said manager to:

      (i) invest the Endowment Fund capital in accordance with the instructions issued by the Recipient or ANAM on its behalf and set forth in the Endowment Fund Manual;

      (ii) not later than one month after the end of each semester in the relevant year of Project implementation, provide to the Recipient and the World Bank bi-annual reports regarding management
performance, capital value, asset allocation, and investment income (including dividends) with respect to the Endowment Fund; and

(iii) provide the Recipient and ANAM with information required by the Recipient to comply with its obligations under Section E of this Schedule 2 in respect of the Endowment Fund.

(d) The Recipient, and ANAM on its behalf, as the case may be, shall exercise its rights and carry out its obligations under the Asset Management Contract in such a manner so as to protect the interests of the World Bank and to accomplish the purposes of the Grant. Except as the World Bank may otherwise agree, the Recipient or ANAM on its behalf shall not amend, terminate, waive or fail to enforce any provision of the Asset Management Contract. In case of any conflict between the terms of the Asset Management Contract and those of this Agreement, the terms of this Agreement shall prevail.

5. **Other undertakings:** Without limitation to the provisions of Section 4.01(b) of this Agreement, if any of the following events shall occur within 15 years of the date of this Agreement, upon notice from the World Bank, the Recipient or ANAM shall refund (or cause the Asset Manager to refund) to the World Bank, for deposit into the Grant Account if applicable, the amount of the Grant allocated to Endowment Fund, in whole or in part, at the World Bank’s option:

(a) that the World Bank shall have received enough evidence that the Recipient or ANAM shall have failed to perform any of their obligations under this Agreement;

(b) expenditures shall have been made under a contract in respect of which the World Bank has received enough evidence that corrupt or fraudulent practices were engaged in by representatives of the Recipient or ANAM;

(c) the Endowment Fund Manual or the Asset Management Contract shall have been amended, suspended, terminated, waived or failed to be enforced in a manner which, in the opinion of the World Bank, would materially and adversely affect the sustainability and objectives of the Endowment Fund;

(d) the Recipient shall have dissolved the Endowment Fund or suspended its operations; and

(e) that any payment of the investment income or capital of the Endowment Fund was used for any expenditure not consistent with the provisions of this Agreement.
F. Safeguards

1. The Recipient shall cause ANAM to carry out the Project in compliance with the requirements of the Environmental and Social Management Framework, the Process Framework, and the IPP.

2. Prior to the approval of any Subproject or other Project activity as per the terms of the ESMF, the Recipient shall cause ANAM to:

   (a) prepare in accordance with the provisions of the ESMF, a Process Framework, and furnish to the World Bank for its approval any required EMP, IPP, Action Plan and/or PMP; and

   (b) promptly thereafter, carry out the applicable EMP, IPP, Action Plan and PMP, as the case may be, in a manner acceptable to the World Bank.

G. Anti-Corruption

The Recipient shall ensure that the Project (including the Endowment Fund) is carried out in accordance with the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall cause ANAM to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank and set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

2. The Recipient shall, without limitation to the reporting requirements of paragraph 1 of this Section, and not later than December 15 each year of Project implementation commencing December 15, 2015, cause ANAM:

   (a) to prepare and furnish to the World Bank for its approval, an Annual Operations Plan including the Project activities proposed to be carried out during the following calendar year and the related budget and financial plan; and

   (b) thereafter, carry out such plan modified as needed to take into the account the comments made by the World Bank.
3. The Recipient shall cause ANAM to prepare a Recipient’s Completion Report in accordance with the provisions of Section 2.06. (d) of the Standard Conditions. The Recipient’s Completion Report shall be furnished to the World Bank no later than five months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall cause ANAM to ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall cause ANAM to ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty five (45) days after the end of each semester, covering the semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall cause ANAM to have its Financial Statements for the Project, including the ones for the Endowment Fund operation, (if applicable, depending on the Endowment Fund’s starting date of operation) 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 each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in 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 Grant 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 World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraphs 2 and 3 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional procedures:

   (a) foreign bidders shall not be required to be registered with local authorities as a prerequisite for bidding;

   (b) the invitation to bid shall not establish, for purposes of acceptance of bids, minimum or maximum amounts for contract prices;

   (c) the invitation to bid shall not require mandatory attendance to a pre-bid meeting as a condition to bid;

   (d) bids may be submitted before bid opening, either by mail or courier or in person;

   (e) no bids of proposals shall be rejected, and no provisional awards shall be made at the time of bid opening;

   (f) no minimum number of bids or proposals shall be required as a condition to award a contract; and

   (g) contracts shall be awarded to the bidder whose bid has been evaluated as the lowest responsive bid, in accordance with criteria clearly set forth in the standard bidding documents.

3. **Other Methods of Procurement of Goods, Works and Non-Consulting Services.** The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; (b) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Bank; (c) Community Participation procedures which have been found acceptable to the Bank; and (d) 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Selection under a Fixed Budget; (b) Least Cost Selection; (c) Single-source Selection of consulting firms; (d) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (e) Selection based on Consultants Qualifications; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. **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.

Section IV. **Withdrawal of Grant Proceeds**

A. **General**

1. 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 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 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) (a) Goods, works, non-consulting services, consultants’ services, Training and</td>
<td>6,379,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
Operating Costs under Components 1, 2, 3, and 4 of the Project

(b) Biodiversity-Friendly Production Sub-projects under Component 2 of the Project

1,500,000

100% of the amounts disbursed under the respective Sub-grant Agreement

(c) Municipal Environmental Sub-projects under Component 2 of the Project

210,000

100% of the amounts disbursed under the respective Sub-grant Agreement

(2) Capitalization of Endowment Fund

1,500,000

100%

TOTAL AMOUNT

9,589,000

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, except that withdrawals up to an aggregate amount not to exceed $1,900,000 equivalent may be made for payments made up to twelve months prior to the date of signature of this Agreement, for Eligible Expenditures.

(b) Under Category (2) for Eligible Expenditures, unless:

(i) the Endowment Fund has been established in form and substance satisfactory to the World Bank;

(ii) the Asset Management Contract has been executed and delivered on behalf of the parties thereto under terms and conditions acceptable to the World Bank; and

(iii) the Endowment Fund Manual has been adopted by the Recipient in form and substance satisfactory to the World Bank.

18
The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 30, 2019.
APPENDIX

Section I. Definitions

1. “Action Plan” means any plan prepared in accordance with the Process Framework and approved by the World Bank, describing the specific measures and implementation arrangements to be undertaken in case an involuntary restriction of access to natural resources in Project Protected Areas causes an adverse impact in the livelihoods of the affected persons.

2. “ANAM” means “Autoridad Nacional del Ambiente”, the Recipient's autonomous entity in charge of environmental and natural resources management, established by the Recipient's Law No. 41 dated July 1, 1998 (as amended to the date of this Agreement), or any successor thereto, acceptable to the World Bank.

3. “Annual Operations Plan” means the plan prepared by ANAM referred to in Section II. A. 2 (a) of Schedule 2 to this Agreement.


5. “Asset Manager” means the asset manager referred to in Section I. E. 4. (c) of Schedule 2 to this Agreement.

6. “Asset Manager Contract” means the asset manager contract referred to in Section I. E. 4. (d) of Schedule 2 to this Agreement.

7. “Beneficiaries of Subprojects” means collectively a CBO Beneficiary or Municipality.

8. “Biodiversity-friendly Production Subproject” means a specific investment or activity to be carried out under Component 2 (a) of the Project, selected and implemented in accordance with the eligibility and other requirements of the Operational Manual.

9. “Buffer Zone” means the area surrounding a Protected Area, as defined in ANAM's Resolution No. AG-0704-2012, dated December 11, 2012.

10. “Category” means any of the categories set forth in the table in Section IV of Schedule 2 to this Agreement.

11. “CBO” means a legally established group of producers, an association, or an indigenous peoples community eligible for participating in the Project as set forth in the Operational Manual.
12. “CBO Beneficiary” means a CBO eligible to receive a Sub-grant for an Environmentally-friendly Production Subproject.


14. “Endowment Fund” or “Fideicomiso” means the trust fund to be established by the Recipient or ANAM’s on its behalf pursuant to the provisions of Section I.E of Schedule 2 to this Agreement.

15. “Endowment Fund Manual” means the manual referred to in Section I.E.1 of Schedule 2 to this Agreement.

16. “Environmental Management Plan” means any plan prepared in accordance with the Environmental and Social Management Framework and approved by the World Bank, describing, *inter alia*:

   (a) measures designed to mitigate any negative impacts on the environment, cultural property, natural habitats, and forests, as the case may be;

   (b) measures for strengthening institutional capacity to implement the plan (if applicable); and

   (c) a monitoring system to review progress of the activities included in the plan.

17. “Environmental and Social Management Framework” or “ESMF” means the document prepared and adopted by ANAM dated January 8, 2014 acceptable to the World Bank, as published and available to the public on the website www.cbmap.org, which describes, *inter alia*:

   (a) the process to screen and assess environmental and social impacts of the Project and in particular the Subprojects, and for preparation of the required EMPs or Pest Management Plans;

   (b) specific guidelines to avoid or minimize risks and to assess and manage risks;

   (c) the IPP (which includes procedures related to the implementation of Subprojects); and

   (d) the Process Framework.
18. "Indigenous Peoples Plan" or "IPP" means the plan set forth in the ESMF and approved by the World Bank, describing, *inter alia* the measures to be implemented to carry out the Project and any particular Subproject in a culturally appropriate manner.


20. "Municipality" means a municipality in the Recipient's territory which has prepared an environmental plan, and is eligible to receive a Sub-grant.

21. "Municipal Environmental Sub-project" means a specific investment or activity to be carried out by a Municipality under Component 2 (c) of the Project, selected and implemented in accordance with the eligibility and other requirements of the Operational Manual.

22. "NGO" means a non-governmental organization established and operating in the Recipient's territory.

23. "Operating Costs" means expenditures (other than those for consultants' services and non-consulting services) incurred by ANAM in connection with the implementation of the Project, all which would not have been incurred absent the Project, including the operation and maintenance of motor vehicles, equipment and computer maintenance, communication (including Internet connectivity), office supplies, rent for office facilities, utilities, insurance, travel and per diem costs for Project staff, banking fees, courier services.


25. "PA Annual Operational Plan" means any annual plan for the management of a PA as approved by ANAM.

26. "Pest Management Plan" or "PMP" means any plan prepared in accordance with the ESMF and approved by the World Bank, describing, *inter alia* the measures to be implemented to address any negative impacts of the use of pesticides in a Subproject.

27. "Private Reserves" means the natural areas in private properties established with the objectives of the conservation of ecological values contributing to the connectivity with PAs.

28. "Process Framework" means the framework included in the ESMF describing the specific measures and implementation arrangements to be undertaken in case an
involuntary restriction of access to natural resources in Protected Areas causes an adverse impact in the livelihoods of the affected persons.


30. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 1, 2014 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. “Project Implementation Unit” or “PIU” means the unit referred to in Section I.C.1 of Schedule 2 to this Agreement established within ANAM, in charge of the coordination and implementation of the Project, or any successor thereto acceptable to the World Bank.

31. “Protected Areas” or “PAs” means any protected area in the Recipient’s territory established pursuant to Law No.41 dated July 1, 1998.

32. “Project Protected Area” or “Project PA” means any of the twelve PAs set forth in the Operational Manual which will be supported under the Project.

33. “Sub-grant” means any grant to be made out of the proceeds of the Grant for a Biodiversity-Friendly Subproject or a Municipal Environmental Subproject to finance, as the case may be, the cost of works, goods and services, and the operating costs of the respective Sub-project.

34. “Subproject” means any Biodiversity-Friendly Production Subproject and/or any Municipal Environmental Subproject.

35. “Subproject grant Agreement” means any of the agreements referred to in Section I.D.1 of Schedule 2 to this Agreement.

36. “Subsidiary Agreement” means any of the agreement referred to in Section I.A.1 of Schedule 2 to this Agreement.


38. “Training” means expenditures (other than those for consultants’ services and non-consulting services) to finance the reasonable cost of facilitators and/or services of trainers, meeting rooms, publications, per diem and travel (including study tours) and meals of attendees of workshops or training events (including seminars) organized under the Project.