Financing Agreement

(The Pacific Islands Regional Oceanscape Program Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PACIFIC ISLANDS FORUM FISHERIES AGENCY

Dated January 29, 2015
WHEREAS (A) The Participating Countries have, pursuant to the FFA Treaty, undertaken to co-operate in the joint and efficient management of oceanic and coastal fisheries within the Western and Central Pacific Ocean and the Recipient has been established under the said Treaty as the body mandated to provide technical advice and support to participating countries in the management of the fisheries resources; and

(B) In order to assist in the carrying out of activities aimed at strengthening the management of oceanic and coastal fisheries, and the critical habitats upon which they depend:

(1) the Recipient has requested the Association to assist in the financing of the project described in Schedule 1 to this Agreement (“Project”);

(2) the Recipient has also requested the International Bank for Reconstruction and Development (“World Bank”), acting as an Implementing Agency of the Global Environment Facility (“GEF”) to provide additional assistance towards the financing of the Project and the World Bank, acting as an Implementing Agency of the GEF, has agreed to make available a grant to the Recipient from the GEF in the amount equal to two million one hundred ninety thousand Dollars ($2,190,000) (“GEF Grant”) to assist in the financing of Parts 2 and 3 of the Project, pursuant to a grant agreement to be entered into between the Recipient and the World Bank (“GEF Grant Agreement”); and

(3) Federated States of Micronesia, Marshall Islands, Solomon Islands and Tuvalu has each requested the Association to assist in the financing of activities related to the Project that are designed to further the objectives of this Project and the Program, and the Association has agreed to make available such financing to the Participating Countries under the respective agreements (“Participating Countries Financing Agreements”); and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend a grant to the Recipient as specified in Section 2.01 of this Agreement upon the terms and conditions set forth in this Agreement.

The Recipient and the Association hereby agree as follows:
ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to two million seven hundred thousand Special Drawing Rights (SDR 2,700,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. 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 Payment Dates are January 1 and July 1 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. 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 FFA Treaty has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of Recipient to perform any of its obligations under this Agreement.

(b) The GEF Grant Agreement has failed to become effective by September 30, 2015.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Director General.

6.02. The Recipient’s Address is:

Pacific Islands Forum Fisheries Agency
No.1 FFA Road
West Kola’a Ridge
Honiara, Solomon Islands

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
AGREED at Honiara, Solomon Islands, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative
Name: Franz R. Drees-Gross
Title: Country Director, EACNF

PACIFIC ISLANDS FORUM FISHERIES AGENCY

By

[Signature]
Authorized Representative
Name: James T. Movick
Title: Director General
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend.

The Project constitutes the first phase of the pacific oceanscape program, and consists of the following parts:

Part 1: Sustainable Management of Oceanic Fisheries

(a) Strengthening the capacity of national and regional institutions to sustainably manage Pacific Islands tuna fisheries

Carrying out a program of activities designed to strengthen the capacity of the Recipient, PNAO and the Participating Countries for sustainable management of tuna fisheries, such activities to include:

(i) implementing measures that enhance the Vessel Day Scheme ("VDS") in the purse seine fisheries and/or across related long-line fisheries as agreed with the Participating Countries;

(ii) strengthening the governance and organization structure of PNAO, including financing of an advisor;

(iii) strengthening the VDS for the purse seine fisheries and expanding similarly zone-based management systems to the long-line fisheries, including, inter alia: (A) conducting a regional review of the functions and services required to manage tuna fisheries and identify opportunities for regional, sub-regional and national level location and provision of fisheries management services; (B) supporting the Participating Countries in undertaking coordinated policy reforms and stakeholder consultations; (C) providing advisory services to Participating Countries for the development of VDS enforcement regulatory frameworks; (D) providing implementation support to Participating Countries; (E) developing a model to incorporate financial flows into national information management system portals; and (F) developing and implementing a training course on management of fisheries for the Participating Countries; and

(iv) identifying surveillance and enforcement tasks and needs for Participating Countries to collaborate to ensure compliance with the VDS, and building a network of compliance experts to support the Participating Countries.
(b) **Equitable distribution of the benefits of sustainably managed tuna fisheries**

Carrying out a program of activities designed to strengthen the capacity of the Participating Countries in making informed decisions and investments that ensure an inclusive distribution of the benefits from sustainably managed tuna fisheries. Such activities to include:

(i) providing technical advisory services for the establishment of hubs for services and value additions throughout the Western Pacific, including securing finance and private partners for implementation; and

(ii) designing pilot community VDS funds to support public/social benefits from the proceeds of the sale of VDS days to fishing operators.

**Part 2: Sustainable Management of Coastal Fisheries**

Carrying out a program of activities designed to strengthen the capacity of the Secretariat of the Pacific Community for ongoing technical support to Participating Countries for sustainable management of coastal fisheries and enhancing linkages of national fish products to regional markets, including enhancing SPC's capacity to assess potential biological, economic and fiscal management tools which could be applied at the national level.

**Part 3: Sustainable Financing of the Conservation of Critical Fishery Habitats**

(a) **Establishing Pacific Marine Conservation Development Financing Mechanisms to support large marine protected areas**

Provision of technical assistance to support the establishment of sustainable financing mechanisms for marine conservation, including: (i) assessment of existing and potential new regional sites for large scale marine protected areas; (ii) provision of technical assistance for the establishment of Pacific marine conservation development financing mechanisms; and (iii) provision of training to, and facilitating exchange of lessons learned among, the Participating Countries.

(b) **Designing a Pilot Pacific Blue Carbon Regional Program for the Conservation of Small to Medium Scale Marine Habitats**

Designing a Pacific blue carbon regional program that would create conservation incentives for coastal communities to conserve mangrove habitats, sea grasses and coastal wetlands that support fisheries, including: (i) assessing opportunities to pair up with established, standards-based mechanisms to pay for carbon stored, identifying opportunities in the voluntary carbon market and development of a Pacific blue carbon regional program; (ii) developing criteria and identifying potential pilot trial communities and projects for the
Pacific blue carbon funding; and (iii) undertaking baseline research and developing marine conservation strategies and funding proposals for pilot trial sites.

Part 4: Regional Coordination, Implementation Support and Program Management

Carrying out a program of activities designed to strengthen the capacity of the Recipient (including the Recipient’s Project Support Unit and the Oceanscape Unit of the Pacific Islands Forum Secretariat) for management of the Program, including regional coordination, verification of DLIs, implementation support, monitoring and evaluation, outreach, financial and procurement management.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Project Support Unit

The Recipient shall establish, by not later than four months after the Effective Date, and thereafter maintain a project support unit (PSU), with terms of reference and resources, including qualified and experienced staff in adequate numbers, all satisfactory to the Association, to be responsible for, inter alia, overseeing day to day implementation of the Project, including procurement and financial management, monitoring and evaluation, and coordinating with Implementing Agencies on the implementation of regional activities, assisting the Participating Countries with processing of international procurement activities, and preparing in collaboration with the respective Implementing Agencies documentation required for national procurement processing documentation required for national level activities under the Pacific Islands Forum regional oceanscape program.

2. Independent Verification Agent

(a) The Recipient shall, by not later than four months after the Effective Date, engage the services of a duly qualified and experienced verification consultant satisfactory to the Association, under terms of reference acceptable to the Association; and, unless otherwise agreed with the Association, shall thereafter maintain the said consultant throughout the Project implementation period to be responsible for verification of achievement, by the Participating Countries, of Disbursement Linked Indicators.

(b) Without limitation on its other reporting obligations under this Agreement, the Recipient shall by, not later than March 31 of each year (commencing on March 31, 2016) during the implementation of the Project, furnish to the Association the reports of the independent verification agent confirming the achievement of the relevant DLI Targets for each of the Participating Countries, all in accordance with the verification protocol set out in the Program Operations Manual.

3. PROP Regional Evaluation Committee

The Recipient shall, in collaboration with other Participating Countries, establish, by not later than six (6) months after the Effective Date, and thereafter maintain, a PROP Regional Evaluation Committee, comprising representatives from
Recipient, and each Participating Country, to be responsible for contract award decision-making for regionally packaged procurement activities under the Program.

4. Service Agreements with Participating Countries

(a) To facilitate proper and efficient implementation of the program, the Recipient shall enter into and maintain, throughout the program implementation period, a service agreement with each Participating Country, with terms and conditions acceptable to the Association pursuant to which: (i) the Recipient, through the PSU, shall provide technical, fiduciary, monitoring and implementation support to the respective Participating Country, including inter alia carrying out verification of achievement of DLIs by Participating Countries, preparation of documents for procurement processing, evaluation and contract award for regional and national procurement activities.

(b) The Recipient shall exercise its rights under the Service Agreements, in such manner as to protect the interests of the Recipient, and the Association, and to accomplish the purposes of the Financing, and except as the Association shall otherwise agree in writing, not assign, amend, abrogate or waive the Service Agreements or any provision thereof.

B. Program Operations Manual

1. The Recipient shall, by not later than four (4) months after the Effective Date, prepare, in collaboration with the Participating Countries, and thereafter adopt a Program Operations Manual ("POM"), in form and substance acceptable to the Association, setting forth detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement processing procedures including the decision-making process; (d) environmental and social safeguards management; (e) monitoring and evaluation, reporting and communication; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall carry out the Project in accordance with the Program Operations Manual; and except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Program Operations Manual, or any provision thereof.

3. In the event of a conflict between the provisions of the Program Operations Manual on the one hand, and those of this Agreement on the other hand, the latter shall govern.
C. Anti-Corruption

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

D. Annual Work Plans and Budgets

1. The Recipient shall prepare and furnish to the Association not later than March 15 of each year during the implementation of the Project (or such later date as the Association may agree) for the Association’s no-objection, a consolidated Annual Work Plan and Budget containing all eligible Project activities and Eligible Expenditures proposed to be included in the Project in the Recipient’s following fiscal year, including a specification of the source or sources of financing for all Eligible Expenditures, and environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Section 1E of this Schedule.

2. The Recipient shall implement the Project in accordance with the Annual Work Plan and Budget accepted by the Association for the Recipient’s respective fiscal year; provided, however, that in the event of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall not make or allow to be made any change to the Annual Work Plan and Budget without the Association’s prior no-objection in writing.

E. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework (“ESMF”) and the Process Framework.

2. Whenever an Environmental Management Plan (“EMP”) shall be required for any proposed Project activity in accordance with the provisions of the ESMF, as the case may be, the Recipient shall ensure that:

   (a) prior to the commencement of such activity, such EMP is: (i) prepared in accordance with the provisions of the ESMF, as the case may be; (ii) furnished to the Association for review and no-objection; and (iii) thereafter adopted and disclosed as accepted by the Association, in a manner satisfactory to the Association; and

   (b) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such EMP.
3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, the Process Framework and the EMPs, unless the Association has provided its prior no-objection thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. The Recipient shall ensure that:

(a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with the Association’s environmental and social safeguards policies, as well as the Participating Countries’ laws relating to the environment and social aspects; and

(b) in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies and laws.

5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the ESMF and Process Framework; and (b) prepare quarterly reports and furnish the same to the Association, as part of the Project Reports, on the results of such monitoring activities, giving details of:

(i) measures taken in furtherance of the ESMF, Process Framework and the EMPs;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, Process Framework and EMPs; and

(iii) remedial measures taken or required to be taken to address such conditions.

6. In the event of any conflict between the provisions of any of the ESMF, the Process Framework and EMPs, and the provisions of this Agreement, the provisions of this Agreement shall prevail.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 indicators acceptable to the Association and set forth in the Program Operations Manual. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

2. Mid-term Review

The Recipient shall: (a) not later than three (3) years after the Effective Date (or such other date as the Association may agree), carry out a mid-term review of the Project and prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the Association such mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objective, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

B. Financial Management, Financial Reports and Audits

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 (1) 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 Non-consulting Services.** All goods and non-consulting 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 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 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 and Non-consulting Services**

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

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods 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 Association; and (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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of
consultants under indefinite Delivery Contract or Price Agreement; (g) Use of Nongovernmental Organizations; (h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (i) Single-source procedures 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

A. 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 Financing 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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants' services, Training and Operating Costs for Parts 1, 3 and 4 of the Project</td>
<td>2,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,700,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is September 30, 2020.
APPENDIX

Section I. Definitions

1. "Annual Work Plan and Budget" means each annual work plan, together with the related budget and updated procurement plan, for the Project accepted by the Association pursuant to the provisions of Section ID of Schedule 2 to this Agreement; as the said plan and budget may be modified from time to time with the prior written no-objection of the Association.


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. "Disbursement Linked Indicators" and the acronym "DLIs" means, collectively, the disbursement-linked targets set forth in respective Participating Countries Financing Agreements, and to be verified as provided for in Section I.A.2 of Schedule 2 to this Agreement; and the acronym "DLI" means individually, any one of such targets.

6. "DLI Target" means the target specified in the Annex to Schedule 2 to the respective Participating Countries Financing Agreements set to be achieved under the applicable DLI during the respective DLI period.

7. "Displaced Persons" means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

8. "Environmental and Social Management Framework" and the acronym "ESMF" means the Participating Countries' framework dated October 2014, setting out the principles, standards, processes and tools to be applied to assess potential adverse environmental and social impacts associated with Project activities and the ways to avoid, minimize and/or mitigate them, with related public consultation, disclosure, reporting and grievance redress procedures, as said framework may be
modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such framework.

9. "Environmental Management Plan" or "EMP" means the plan, to be prepared or caused to be prepared by the Recipient pursuant to Section I.E.2 of Schedule 2 to this Agreement and agreed with the Association in accordance with the ESMF, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of Project activities, offset them, reduce them, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan; and "Environmental Management Plans" means more than one such plan.


11. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

12. "Implementing Agencies" or "IA" means the agencies in the Participating Countries responsible for implementing the national projects under the Program.

13. "Oceanscape Unit" means the unit located within the Pacific Islands Forum Secretariat.

14. "Participating Countries" means, for Phase I of the Program, Federated States of Micronesia, Marshall Islands, Solomon Islands and Tuvalu; and will include any other countries that may join the Program under subsequent phases of the Program.

15. "Participating Countries Financing Agreements" means the agreements to be entered into by the Association and each of the Participating Countries pursuant to which the Association shall provide financing to the Participating Countries to assist in financing activities related to this Project.


18. "Procurement Plan" means the Recipient's procurement plan for the Project, dated November 5, 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.

19. "Process Framework" means the framework included in the ESMF, setting out the mechanisms through which Displaced Persons living in and around protected areas will participate in determining any restrictions of access to natural resources, the assessment of the impact of any such restrictions, the determination of remedial measures to redress those impacts, and the resolution of any grievances, as well as the definition and implementation of a monitoring program to assess the adequacy of any remedial measures; as said framework may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such framework.

20. "Program Operations Manual" means the manual referred to in Section I.B of Schedule 2 to this Agreement.

21. "VDS" means the scheme where parties to the Nauru Agreement agree on a total and limited number of fishing days per year based on scientific advice on the status of the stocks, allocate the days to the respective Parties, and then each Party sells the days.

Section II. Modifications to the General Conditions

The provisions of the General Conditions are modified as follows:

1. In Section 2.06, the term "Recipient" in the first sentence is replaced with the phrase "the Member of the Association, in which territory the Project activities will be carried out."

2. Section 4.11(a) is amended to read as follows: "The Recipient shall take all reasonable actions to ensure that the members of the Association where the Project activities shall be carried out afford all reasonable opportunity for representatives of the Association to visit any part of their territory for purposes related to the Financing or the Project."

3. Section 5.01 is deleted.

4. Paragraph 45 of the Appendix is modified to read as follows:

"45. "Recipient" means the party to the Financing Agreement to which the Financing is extended."