Adaptation Fund
Grant Agreement
(Marine Conservation and Climate Adaptation Project)

between

BELIZE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
acting as an Implementing Entity of the Adaptation Fund
AF GRANT NUMBER TF018449

ADAPTATION FUND GRANT AGREEMENT

AGREEMENT as of the Signature Date, (as defined in the Appendix to the Grant Agreement), entered into between BELIZE ("Recipient") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an Implementing Entity of the Adaptation Fund ("AF" or "Donor").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


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 this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project, through MFFSD, with the fiduciary assistance of PACT, in accordance with the provisions of Article II of the Standard Conditions, the Subsidiary Agreement, the Strategic Plan for Biodiversity 2011-2020 with its Aichi Biodiversity Targets and the CBD COP Decision X/19 on Gender Mainstreaming.

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 five million five hundred and thirty thousand United States Dollars ($ 5,530,000) ("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 AF trust fund for which the World Bank receives periodic contributions from the donor to the trust fund. 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 donor 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 has taken or permitted to be taken any action which would prevent or interfere with the performance by PACT of its obligations under the Subsidiary Agreement.

(b) The Subsidiary Agreement or any of its provisions shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the World Bank, the ability of the Recipient and/or of PACT to perform any of their respective obligations under the Subsidiary Agreement.

(c) PACT has failed to perform any of its obligations under the Subsidiary Agreement.

(d) IBRD or IDA has declared PACT ineligible to receive proceeds of any financing made by IBRD or IDA, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of: (i) a determination by IBRD or IDA that PACT has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that PACT is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that PACT has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.

(e) As a result of events which have occurred after the Signature Date of this Agreement, an extraordinary situation has arisen which makes it improbable that PACT will be able to perform its obligations under the Subsidiary Agreement.
The Protected Areas Conservation Trust Act has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the World Bank, the ability of PACT to perform any of its obligations under the Subsidiary Agreement.

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 Signature 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 had 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 governmental and corporate action.

(b) The Subsidiary Agreement has been executed on behalf of the Recipient and PACT.

(c) A Project Operational Manual, in form and substance satisfactory to the World Bank, has been adopted by the Recipient and PACT.

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

(a) on behalf of the Recipient, that this 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; and

(b) on behalf of the Recipient and PACT, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and PACT, and executed and delivered on behalf of each such party and is legally binding upon each such party 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. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the Signature Date of this Agreement (the "Effectiveness Deadline"), unless the World Bank, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

5.05. Without prejudice to paragraph 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 deadline expires on September 3, 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 Finance and Economic Development.

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

Ministry of Finance and Economic Development
Sir Edney Cain Building
Belmopan City, Belize

Facsimile: 501-822 2886

6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Belize, on behalf of the Bank on , and on behalf of the Recipient at Belize, on 3 June 2015.

BELIZE

By

Authorized Representative

Name: Dean O. Barrow
Title: Prime Minister and Minister of Finance and Economic Development

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as an Implementing Entity of the Adaptation Fund

By

Authorized Representative

Name: Sophie Sinhaine
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to implement priority ecosystem-based marine conservation and climate adaptation measures to strengthen the climate resilience of the Belize Barrier Reef System.

The Project consists of the following parts:

Part 1: Improving the Protection Regime of Marine and Coastal Ecosystems

Supporting the conservation of marine and coastal ecosystems in the territory of the Recipient by, inter alia:

1. Expanding and consolidating Selected Marine Protected Areas to achieve about 20.2% of area under protection and creating replenishment fishing zones in Selected Marine Protected Areas through, inter alia: (a) spatially mapping and analyzing Selected Marine Protected Areas; (b) field verification of spatial mapping activities under the Project; (c) preparation of revisions to the zoning of Selected Marine Protected Areas based on Project field verification and consultation activities; (d) finalizing zoning maps for Selected Marine Protected Areas and incorporating said maps in the respective management plans of the Selected Marine Protected Areas; and (e) re-demarcation of Selected Marine Protected Areas.

2. Promoting effective management of Selected Marine Protected Areas, including its replenishment fishing zones through, inter alia: (a) strengthening surveillance, monitoring and enforcement; and (b) supporting biological and water quality monitoring.

3. Supporting pilot investments to re-populate coral reefs within replenishment fishing zones; (a) the establishment of coral nurseries within Selected Marine Protected Areas; and (b) supporting coral out-planting.

4. Strengthening the Recipient’s legal framework for the management of marine protected areas and coastal zones through support for, inter alia: (a) the review and reform of the Recipient’s legal and institutional framework for protected areas; (b) the review of mangrove regulations; (c) the review and reform of the CZM Act; and (d) the implementation of an ICZM plan.
Part 2: Promotion of Viable Alternative Livelihoods

Promoting economically viable and sustainable alternative livelihoods for communities adversely impacted by climate change and by the expansion and consolidation of Selected Marine Protected Areas and replenishment fishing zones under the Project by, inter alia:

1. Supporting community mobilization for the development of Alternative Livelihoods Subprojects through, inter alia, undertaking community needs assessments and participatory workshops for Alternative Livelihoods Subprojects planning.

2. Carrying out Alternative Livelihoods Subprojects.

3. Capacity building to transition to economically viable and sustainable alternative livelihoods through, inter alia, providing business and occupational skills training.

Part 3: Raising Awareness and Building Local Capacity

Raising awareness of the impacts of climate change and the value of marine conservation and building local capacity for the adoption of climate resilient practices by, inter alia, carrying out a climate change KAP survey, disseminating information about the Project, designing and implementing a coordinated behavior change communication strategy, and supporting inter-community learning and dialogue.

Part 4: Project Management, Monitoring and Assessment

Support for: (a) Project management and implementation support including technical, administrative and fiduciary support and compliance with environmental and social safeguards; and (b) monitoring and evaluation, data collection, and stakeholder involvement and coordination.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the fiduciary functions under the Project, including for Subprojects, the Recipient shall make the proceeds of the Grant available to PACT under the Subsidiary Agreement, under terms and conditions approved by the World Bank, which shall include the following obligations of PACT:

(a) to perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of PACT set forth therein, to exercise its rights 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, and, except as the World Bank shall otherwise agree, not to assign, amend, abrogate, terminate, waive or fail to enforce the Subsidiary Agreement or any of its provisions;

(b) to carry out the fiduciary functions of the Project with due diligence and efficiency and in conformity with appropriate administrative, technical, economic, financial and environmental and social practices, and to remain responsible for all fiduciary functions of each Subproject, in particular, administering the proceeds of the Grant allocated to such Subproject, procurement of goods, works and services, and managing all financial management aspects related to such Subproject;

(c) to take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate for the carrying out of the fiduciary functions of the Project;

(d) to carry out the fiduciary functions of the Project in accordance with the provisions of Schedule 2 to this Agreement, in accordance with the Anti-Corruption Guidelines, the Consultant Guidelines and Procurement Guidelines and the Procurement Plan, and in accordance with the procedures set forth in the POM, and to ensure that the POM is not amended, suspended, abrogated, repealed and that no provision of the POM is waived, without the prior written approval of the World Bank;

(e) not to take or permit to be taken any action which would prevent or interfere with the carrying out of the Project;
(f) to maintain appropriate PACT staff at the PIAG, throughout the duration of the Project, with resources, terms of reference and qualifications and scope of responsibilities satisfactory to the World Bank;

(g) to appoint appropriate PACT staff, satisfactory to the World Bank, as representatives to the Project Steering Committee, as required;

(h) to fully collaborate with the Recipient in order to permit timely compliance with the obligations set forth in Sections II and III of Schedule 2 to this Agreement, including PACT's obligation to:

(i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to the Project activities;

(ii) have such financial statements audited annually by independent auditors acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank and make them publicly available in a timely fashion and in a manner acceptable to the World Bank; and

(iii) prepare and furnish to the Recipient and the World Bank all such information as the Recipient and the World Bank shall reasonably request relating to the foregoing;

(i) to exchange views with the Recipient and the World Bank with regard to the progress of the Project and the performance of its obligations under the Subsidiary Agreement; and

(j) promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere with the progress of the Project, or the performance of its obligations under the Subsidiary Agreement.

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.

3. In case of conflict between the terms of the Subsidiary Agreement and those of this Agreement, the terms of this Agreement prevail.
B. Institutional and Implementation Arrangements

1. The Recipient shall operate and maintain the Project Steering Committee, headed by the CEO of MFFSD, at all times throughout the duration of the Project, with functions, responsibilities and sufficient resources, acceptable to the World Bank, and staffed with competent personnel in adequate numbers, all with qualifications, experience and terms of reference acceptable to the World Bank, which shall be responsible for general Project strategic guidance and implementation oversight, as further set forth in the POM.

2. The Recipient shall operate and maintain the Technical Advisory Committee, chaired by the fisheries administrator, at all times throughout the duration of the Project, with functions, responsibilities and sufficient resources, acceptable to the World Bank, and staffed with competent personnel in adequate numbers, all with qualifications, experience and terms of reference acceptable to the World Bank, which shall be responsible for general Project technical guidance, including but not limited with regard to screening and evaluation of technical aspects of Subproject proposals, as further set forth in the POM.

3. The Recipient shall operate and maintain the PIAG within MFFSD throughout the duration of the Project, at all times throughout the duration of the Project, with functions, responsibilities and sufficient resources, acceptable to the World Bank, and staffed with competent personnel in adequate numbers, all with qualifications, experience and terms of reference acceptable to the World Bank, which shall be responsible for day-to-day Project implementation and management, including Subprojects, as further set forth in the POM.

4. The Recipient shall carry out the Project in accordance with the POM, and shall not amend, suspend, abrogate, repeal or waive any provision of the POM, without prior written approval of the World Bank. In the event of any conflict between the provisions of the POM and those of this Agreement, the terms of this Agreement shall prevail.

5. For the purposes of carrying out of Project, the Recipient shall, not later than February 28 of each year of Project implementation, or such later date as the World Bank shall establish, prepare, in accordance with the guidelines detailed in the POM, a consolidated annual work plan, satisfactory to the World Bank, including a description of Project activities proposed for the upcoming calendar year, a budget (including budgets for Operating Costs, Training, and Monitoring and Compliance Activities), a financial plan, a training program, and the updated Procurement Plan for the procurement of goods, works and services required to carry out such activities, and thereafter take all measures required to ensure the efficient completion and achievement of said plan, based on the views of the World Bank on said plan.
6. The Recipient shall coordinate with its various agencies and departments required for Project implementation and shall, prior to carrying out any Project activity for which the assistance of a Protected Areas Co-management Organization is required, enter into legal arrangements, under terms and conditions satisfactory to the World Bank, or such other arrangements as the World Bank may otherwise agree, with such Protected Areas Co-management Organization, satisfactory to the World Bank, and thereafter cause the relevant Protected Areas Co-management Organization to be responsible for, and facilitate implementation of, said Project activity in accordance with the pertinent implementation arrangements, including, if applicable, compliance with the Anti-Corruption Guidelines.

C. *Alternative Livelihoods Subprojects*

1. The Recipient shall, through the PIAG and with input from the Project Steering Committee, if required, screen and evaluate Alternative Livelihoods Subproject (“Subproject”) proposals, and award Alternative Livelihoods Subprojects to Eligible Beneficiaries, all in accordance with eligibility criteria, selection methods and procedures acceptable to the World Bank, as further set forth in the POM.

2. The Recipient shall:

   (a) ensure that the PIAG supervises, monitors and evaluates, in accordance with indicators acceptable to the World Bank, the progress of each Subproject and the achievement of its objectives;

   (b) cause PACT to remain responsible for all fiduciary functions of each Subproject, in particular, administering the proceeds of the Grant allocated to such Alternative Livelihoods Subproject, procurement of goods, works and services, and managing all financial management aspects related to such Subproject; and

   (c) enter into a Subproject Implementation Agreement with PACT and the respective Eligible Beneficiary on terms and conditions approved by the World Bank, which shall include that the Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including:

      (i) the right to suspend or terminate the right of the Eligible Beneficiary to benefit and be eligible for support under the Subproject, or require the Eligible Beneficiary to return the value of any goods, works or services provided under a Subproject, upon the Eligible Beneficiary’s failure to perform any of its obligations under the Subproject Implementation Agreement; and
the requirement that each Eligible Beneficiary:

(A) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, the Safeguard Instruments, the Anti-Corruption Guidelines and the POM;

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

(C) enable the Recipient, PACT and the World Bank to inspect the Subproject, its operation and any relevant records and documents; and

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

4. The Recipient shall exercise its rights and carry out its obligations under each Subproject Implementation 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 any Subproject Implementation Agreement or any of its provisions.

5. In case of any conflict between the terms of the Subproject Implementation Agreements and those of this Agreement, the provisions of this Agreement shall prevail.

D. Environmental and Social Safeguards

1. The Recipient shall ensure, and cause Eligible Beneficiaries to ensure, that the Project activities are carried out in accordance with the Safeguard Instruments, including the guidelines, rules and procedures defined in said Safeguard Instruments. To that end, the Recipient shall ensure that the following actions are taken in a manner acceptable to the World Bank:

(a) if an Environmental Management Plan, as applicable, would be required for any Project activity or Subproject on the basis of the EMF: (i) such EMP shall be prepared in accordance with the requirements of the EMF, disclosed locally and furnished to the World Bank; (ii) adequate and meaningful consultations shall be carried out on said EMP and (iii) the
activities or Subproject shall be carried out in accordance with such EMP as approved by the World Bank; and

(b) no works shall be commenced on any site until: (i) all measures required to be taken under the EMF and/or PF, as applicable, prior to the initiation of said works have been taken; (ii) all measures required to be taken under the IPP to address the needs of the Indigenous Peoples in the areas under the Project have been taken; (iii) the Recipient has prepared and furnished to the World Bank a report in form and substance satisfactory to the World Bank, on the status of compliance with the requirements of said EMP; and (iv) the World Bank has confirmed that said works may be commenced.

2. The Recipient shall ensure that all measures required for carrying out the recommendations of the Safeguard Instruments are taken in a timely manner.

3. Without limitation to Section I, Part B of this Schedule and in respect of excluded expenditures set forth in the POM, the following activities shall not be eligible to be funded under the Project:

(a) any activities that would lead to conversion or degradation of critical natural habitats or their supporting areas;

(b) any activities that would lead to conversion or degradation of critical forest areas, related critical natural habitats, clearing of forests or forest ecosystems; and

(c) any activities that would involve the use or potential pollution of Corazol Bay, including but not limited to aquaculture activities.

4. The Recipient shall ensure that any terms of reference for any consultancies related to technical assistance or capacity building under the Project shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank’s Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance and/or capacity building activities.

5. Without limitation to its other reporting obligations under this Agreement and under Section 2.06 of the Standard Conditions, the Recipient shall:

(a) include in the Project Reports referred to in Section II, Part A, paragraph 1 of this Schedule, adequate information on the implementation of the Safeguard Instruments, giving details of:

(i) measures taken in furtherance of such Safeguard Instruments;
(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and

(iii) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Instruments; and

(b) afford the World Bank a reasonable opportunity to exchange views with the Recipient on such Project Reports.

6. The Recipient shall maintain, and publicize the availability of, grievance redress mechanisms to hear and determine fairly and in good faith, and in accordance with the Safeguard Instruments, all complaints raised in relation to the implementation of the Safeguard Instruments by Project Affected Persons, Indigenous Peoples or other relevant communities, and take all measures necessary to implement the determinations made under such grievance redress mechanisms in a manner acceptable to the World Bank.

7. In the event of a conflict among the provisions of any of the Safeguard Instruments and those of this Agreement, the provisions of this Agreement shall prevail.

E. Anti-Corruption

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

F. Donor Visibility

The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall 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 indicators acceptable to the World Bank and further detailed in the POM. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall 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 PACT to prepare interim unaudited financial reports for the Project and furnish said reports to the World Bank: (a) for the first audit period following the Effective Date, not later than one month after the end of each calendar quarter, covering the quarter; and (b) thereafter, not later than one month after the end of each calendar semester, covering the pertinent semester, all in form and substance satisfactory to the World Bank.

3. The Recipient shall cause PACT to have the Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such 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 four (4) months after the end of such period.

4. The Recipient shall cause PACT to have its entity financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one fiscal year of PACT, and the Recipient shall ensure that PACT's audited entity financial statements for each period shall be: (a) furnished to the World Bank not later than four (4) months after the fiscal year of PACT; and (b) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

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:

   (a) Section I of the Procurement Guidelines in the case of goods, works and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and
the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.

2. 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 paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; 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 assignments 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 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) Goods, works, non-consulting services, consultants’ services,</td>
<td>2,560,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training, and Monitoring and Compliance Activities, except for Part 2 of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services, and</td>
<td>2,450,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training for Part 2 of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Operating Costs</td>
<td>520,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,530,000</td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this Section IV.A.:

“Monitoring and Compliance Activities” means the cost associated with the expansion and consolidation of the Selected Marine Protected Areas and the creation of replenishment fishing zones, based on budgets acceptable to the World Bank including: (i) travel and *per diem* for technical staff; (ii) rental of aircraft, boats, cars; and (iii) fuel and maintenance of vehicles, all for the carrying out of supervisory and quality control activities in Selected Marine Protected Areas under Part 1 of the Project.

“Operating Costs” means the following reasonable incremental operational costs related to Project implementation, management and supervision and incurred by the Recipient and PACT, based on budgets acceptable to the World Bank, including: (i) costs for utilities, maintenance and consumable office supplies, printing services, banking charges, and communication services; and (ii) transportation costs, travel and *per diem* cost for supervisors and technical staff who will carry out supervisory activities under the Project, but excluding costs covered under Monitoring and Compliance Activities and salaries or honoraria of officials and employees of the Recipient’s civil service.

“Training” means the costs associated with the delivery of training, workshops and capacity building activities under the Project, based on budgets acceptable to the World Bank, including: (i) logistics; (ii) equipment rental; (iii) training materials; (iv) stationary for workshops and meetings; (v) lodging; (vi) catering services for meals and coffee-breaks; (vii) rental of training facilities; and (viii) reasonable fees, travel, transportation, and *per diem* of trainers and trainees, but excluding expenditures for consultants’ services and non-consulting services.

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 Signature Date, except that withdrawals up to an aggregate amount not to exceed $140,000 equivalent may be made for payments made prior to this date but on or after September 1, 2014, for Eligible Expenditures under Categories 1, 2 and 3.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2020.

Section V. Other Undertakings

1. The Recipient shall, not later than March 23, 2015, hold an inception workshop, in a manner acceptable to the World Bank.
APPENDIX

Definitions

1. “Affected Persons” means persons who, on account of the involuntary taking of land under the Project, had or would have their access to legally designated parks and protected areas restricted, resulting in adverse impacts on their livelihoods.


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

4. “CBD COP Decision X/19 on Gender Mainstreaming” means the decision on the mainstreaming of gender in the implementation of biodiversity activities, adopted at the COP to the CBD by COP 10 decision X/19, dated October 2010.


7. “Eligible Beneficiaries” means any individual, community or organization with residence in the Recipient’s territory eligible to benefit from support under the Project, in accordance with criteria, procedures, terms and conditions set forth in the POM.

8. “Environmental Management Framework” or “EMF” means the Recipient’s environmental management framework, acceptable to the World Bank, dated November 14, 2014, setting forth the modalities for environmental and social screening and procedures/actions for the preparation and implementation of environmental assessments and EMPs under the Project, including measures for protection of natural habitats, forests and for dealing with pest management and chance finds, the set of mitigation, monitoring, and institutional measures required for the Project and to be taken to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, including the measures and information required for the preparation of EMPs and checklists, and such term includes all schedules and annexes to the Environmental Management Framework, as such framework may be updated from time to time with the agreement of the World Bank.
9. “Environmental Management Plan” or “EMP” means any site-specific environmental management plan, prepared in accordance with the Environmental Management Framework and the provisions of Section I, Part D of Schedule 2 to this Agreement and acceptable to the World Bank, and giving details of the magnitude of the environmental and social impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the Environmental Management Framework, including measures for protection of natural habitats, forests and physical cultural resources, setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce adverse environmental and social impacts to levels acceptable to the World Bank, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies.

10. “ICZM” means the conservation of the Recipient’s Barrier Reef System and other coastal resources, and the planning, management and sustainable development of resources within the coastal zone of the Recipient.

11. “Indigenous Peoples” means a social group of people with a distinct social and cultural identity that makes them vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (i) a close attachment to ancestral territories and to the natural resources in these areas; (ii) self-identification and identification by others as members of a distinct cultural group; (iii) an indigenous language, often different from the national language; (iv) presence of customary social and political institutions; and (v) primarily subsistence-oriented production.

12. “Indigenous Peoples Plan” or “IPP” means the Recipient’s Culturally Appropriate Participation Plan, dated October 2014, acceptable to the World Bank, setting forth procedures and measures for addressing the needs of the Indigenous Peoples, and providing guidelines and procedures for consultation with and informed participation of Indigenous Peoples present in the Project area, and referred to in Section I, Part D of Schedule 2 to this Agreement, as such plan may be updated from time to time with the agreement of the World Bank.


14. “MFFSD” means the Recipient’s Ministry of Forestry, Fisheries and Sustainable Development, or any successor or successors thereto.

15. “PIAG” means the project implementing agency group within MFFSD, referred to in Section I.B.3 of Schedule 2 to this Agreement.
16. "Process Framework" or "PF" means the Recipient’s framework, dated October 2014, acceptable to the World Bank, setting forth the measures to address restrictions of access to natural resources in the legally designated parks or protected areas within the Selected Marine Protected Areas.


18. "Procurement Plan" means the Recipient’s procurement plan, dated January 6, 2015, and referred to in Section III, Part A, paragraph 1(b) of Schedule 2 to this Agreement.

19. "Project Operational Manual" or "POM" means the operational manual for the Project, to be adopted by the Recipient and PACT for the Project, and referred to in Section I, Part B, paragraph 4 of Schedule 2 to this Agreement, satisfactory to the World Bank, describing and setting forth procedures for implementation of the Project and institutional arrangements, including coordination among the stakeholders and agencies involved in Project implementation, consistent with the provisions of this Agreement and with applicable laws and regulations and including, among other things, timetables of actions required to be carried out under the Project, the respective roles and responsibilities of the agencies involved in the implementation of the Project, including the PSC, and PIAG, staffing, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangement procedures and including the Project specific chart of accounts), procurement procedures, monitoring and evaluation arrangements, other fiduciary and administrative arrangements and necessary terms of reference, a list of the excluded expenditures, the guidelines for the carrying out of Subprojects, the eligibility criteria for Eligible Beneficiaries in submitting their respective proposals for Subprojects; the eligibility criteria and detailed procedures for the selection, approval and implementation of Subprojects; Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project, and the Subproject activities; and a model Subproject Implementation Agreement, as the same may be amended from time to time by agreement with the World Bank.

20. "Project Steering Committee" or "PSC" means the committee established for general Project strategic guidance and implementation oversight and referred to in Section I.B.1 of Schedule 2 to this Agreement.

21. "Protected Areas Conservation Trust" or "PACT" means the statutory body established and operating pursuant to the Recipient’s Protected Areas Conservation Trust Act.
22. "Protected Areas Conservation Trust Act" means the Protected Areas Conservation Trust Act No. 15 of 1995, as revised under the Law Revision Act, Chapter 3, Revised Edition 2000, dated May 31, 2003, pursuant to which PACT has been established and is operating.

23. "Safeguard Instruments" means the EMF, the PF, the IPP, and related EMPs for the Project.


25. "Signature Date" means the latest of the two dates on which the Bank and the Recipient signed the Grant Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.


27. "Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity Targets" means the United Nations Convention for Biological Diversity (CBD) overarching framework on biodiversity, including its biodiversity targets, adopted at the Conference of the Parties (COP) to the CBD by COP 10 Decision X/2, dated October 2010.

28. "Subproject" or "Alternative Livelihoods Subproject" means any community-based activity/investment under Part 2.2. of the Project, each to be proposed and carried out by an Eligible Beneficiary and selected as eligible to benefit from support under the Project, in accordance with criteria, procedures, terms and conditions set forth in the POM.

29. "Subproject Implementation Agreement" means any of the agreements referred to in Section I, Part C, paragraph 2(c) of Schedule 2 to this Agreement.

30. "Subsidiary Agreement" means the agreement referred to in Section I, Part A, paragraph 1 of Schedule 2 to this Agreement, as such agreement may be updated from time to time with the agreement of the World Bank.

31. "Technical Advisory Committee" means the committee established for general technical guidance on Project implementation, and referred to in Section I.B.2. of Schedule 2 to this Agreement.


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