INDEMNITY AGREEMENT

(Third South West Indian Ocean Fisheries Governance and Shared Growth Project – "SWIOFISH3")

between

REPUBLIC OF SEYCHELLES

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated October 9, 2018
INDEMNITY AGREEMENT

AGREEMENT (this “Agreement”), dated 9 October, 2018, between the REPUBLIC OF SEYCHELLES (the “Member Country”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the “Bank” or “IBRD”) in connection with the Deed of Guarantee (the “Guarantee”) executed by IBRD in favor of the Noteholders (as defined in the Guarantee) in connection with the fifteen million Dollars (US$15,000,000) in aggregate principal amount six and one-half percent (6.500%) Fixed Rate Senior Partially Guaranteed Notes (the “Notes”) issued by the Member Country for the purposes of financing part of the cost of Parts A.3, B.4 and C.5 of the Project Description (as set forth in Schedule 1, the “Project Description”). The Member Country and IBRD hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. (a) The provisions of the General Conditions (as defined in the Appendix to this Agreement) set forth in Section II of the Appendix to this Agreement constitute an integral part of this Agreement.

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

Section 1.03. In this Agreement:

(i) headings are inserted for convenience of reference only and shall not be taken into account in the application or interpretation of this Agreement;

(ii) words importing the singular include the plural and vice versa;

(iii) the terms “include” and “including” mean without limitation;

(iv) all Schedules to this Agreement are an integral part of this Agreement with the same force and effect as if they were fully set out herein; and references to this Agreement shall include references to both this Agreement and its Schedules;

(v) references to an agreement (other than this Agreement) or an instrument include that agreement or instrument as amended, supplemented, novated or replaced from time to time (provided that, where consent is required by this Agreement to amend, supplement, novate or replace, such consent has been obtained), and shall include any document that amends, supplements or replaces it; provided, however, that any term in this Agreement defined by reference to another agreement shall refer to that agreement as of its date of execution without regard to any subsequent amendments); and

(vi) unless a contrary indication appears, a reference in this Agreement to the Bank or any other legal entity shall be construed so as to include such legal entity’s successors in title, permitted assigns and permitted transferees.
ARTICLE II

Indemnity by Member Country to the Bank; Opinion; Guarantee Fee

Section 2.01. In consideration of the Bank providing the Guarantee on the terms and conditions set out in the Deed of Guarantee, the Member Country hereby irrevocably and unconditionally agrees:

(a) to reimburse the Bank immediately on demand or as the Bank may otherwise direct in writing for any amount paid by the Bank under the Deed of Guarantee together with interest thereon at the rate per annum determined by the Bank and notified to the Member Country (which rate shall not exceed the Bank's highest prevailing lending rate for loans with a fixed spread denominated in the currency of payment, as may be shown from time to time on the Bank's external website) from the date such payment is made by the Bank until such amount is reimbursed in full;

(b) to indemnify the Bank on demand and hold the Bank harmless against all actions, proceedings, liabilities, claims, losses, damages, costs and expenses brought against, suffered or incurred by the Bank directly or indirectly in relation to or arising out of or in connection with the Guarantee (except as otherwise provided in Section 8.04(i) of the General Conditions); and

(c) that the obligations of the Member Country under this Agreement will not be affected by any act, omission, matter or thing which, but for this Section, would reduce, release or prejudice any of its obligations under this Agreement; and

(d) in the event that the Bank receives funds from the Member Country pursuant to Section 2.01(a) and, in respect of the same amounts, the Bank receives funds as a result of the exercise of the Bank's subrogation rights under the Deed of Guarantee (the "Double Payment"), then the Bank shall promptly refund to the Member Country the amount of the Double Payment together with any interest payments received pursuant to the Deed of Guarantee by the Bank in respect of such Double Payment.

Section 2.02. Any payment required to be made by the Member Country pursuant to the terms of this Agreement shall be applied first, to pay all interest and other charges due to the Bank and, second, after such interest and other charges are paid, to pay all other amounts then due to the Bank under this Agreement.

Section 2.03. The Member Country shall furnish to the Bank an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank or, if the Bank so requests, a certificate satisfactory to the Bank of a competent official of the Member Country, showing the following matters: (a) that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Member Country and is legally binding upon the Member Country in accordance with its terms; and (b) any other matter reasonably requested by the Bank in connection with this Agreement or the Project. The Member Country acknowledges that the receipt by the Bank of such opinion or certificate will be a condition to the issuance of the Guarantee.

Section 2.04. In consideration of the Bank providing the Guarantee on the terms and conditions set out in the Deed of Guarantee, the Member Country shall pay directly to the Bank (i) a front-end fee (the "Front-end Fee") in an amount of twelve thousand five hundred Dollars (US$12,500) equal to 0.25% (25 basis points) of the Guarantee Limit and (ii) a guarantee fee (the "Guarantee Fee") in the amount of two hundred thirty thousand, eight hundred six Dollars (US$230,806). The Front-end Fee and the Guarantee Fee shall be due and payable to the Bank on or before the issuance of the Guarantee. The Front-end Fee and the Guarantee Fee shall be paid to the Bank by electronic transfer in
immediately available freely transferable funds in Dollars to the bank account designated by the Bank. If, prior to the stated Maturity Date of the Notes, and if the Notes are purchased by or on behalf of the Member Country and cancelled, and as a result of such cancellation, the Bank’s obligations under the Guarantee are reduced, then the Bank shall refund to the Member Country such portion of the Guarantee Fee that reflects the reduction in the Bank’s exposure under the Guarantee as calculated by the Bank with reference to the notional and remaining maturity of the Notes cancelled.

ARTICLE III

Project

Section 3.01. The Member Country declares its commitment to the objective of the Project.

Section 3.02. Without limitation on the provisions of Section 3.01 of this Agreement, the Member Country shall undertake the obligations with respect to the Project set forth in Schedule 2 to this Agreement.

ARTICLE IV

Remedies

Section 4.01. In addition to the other remedies available to the Bank under loan and guarantee agreements between the Bank and the Member Country, in the event that:

(i) the Member Country has failed to perform any of its obligations under Article III of this Agreement and such Member Country failure has continued and remained uncured in the opinion of the Bank for sixty (60) days or more after notice thereof shall have been given to the Member Country by the Bank; or

(ii) any representation made by the Member Country in or pursuant to this Agreement, or any representation or statement furnished by the Member Country and intended to be relied on by the Bank in providing the Guarantee, shall, in the opinion of the Bank, have been incorrect in any material respect,

then the Bank may suspend or cancel in whole or in part the Member Country’s right to make withdrawals under any loan agreement between the Bank and the Member Country, or declare the outstanding principal and interest of any such loan due and payable immediately.

ARTICLE V

Effective Date

Section 5.01. This Agreement shall come into force and effect upon signature by the parties.

Section 5.02. Any amendment to this Agreement shall be executed by agreement of the parties hereto in accordance with provisions of Section 10.02 of the General Conditions. Such amendment shall come into force as set forth in the amending agreement.
ARTICLE VI

Representative; Addresses

Section 6.01. The Member Country’s Representative is its minister responsible for finance.

Section 6.02. The Member Country’s Address is:

Ministry of Finance, Trade, Investment and Economic Planning
P.O. Box 313
Liberty House
Victoria, Mahé
Republic of Seychelles

Facsimile:
+248-4325161

Section 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

Attention: Vice President, Africa Region
Facsimile: +1-202-477-6391

With a copy to: Manager, Guarantees (IPG, Financial Structuring & PPPs)
Global Themes Practice (GTIFP)
Facsimile: +1-202-522-0761
AGREED as of the day and year first above written.

REPUBLIC OF SEYCHELLES

By: ______________________________
    Authorized Representative

Name (printed): ____________________

Title: _____________________________

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: ______________________________
    Authorized Representative

Name (printed): ____________________

       MARK R. LUNDER
AGreed as of the day and year first above written.

REPUBLIC OF SEYCHELLES

By: [Signature]

Authorized Representative

Name (printed): MAURICE COUSTAU - LACANNE

Title: MINISTER OF FINANCE TRADE INVESTMENT

AND ECONOMIC PLANNING.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]

Authorized Representative

Name (printed): [Signature]
SCHEDULE 1

Project Description

The objective of the Project is to improve management of marine areas and fisheries in Targeted Zones and strengthen fisheries value chains in the Member Country’s territory.

The Project constitutes the third phase of the Program, and consists of the following parts:

Part A. Expansion of the Member Country’s Sustainable-use Marine Protected Areas

1. (a) Carrying out of studies to determine the management measures for the Sustainable-use Marine Protected Areas; (b) preparation of management plans for Sustainable-use Marine Protected Areas, including outlining of detailed governance mechanisms for said Sustainable-use Marine Protected Areas; (c) preparation of regulations to enable the creation and operationalization of said Sustainable-use Marine Protected Areas; and (d) provision of technical assistance to implement the re-zoning of Sustainable-use Marine Protected Areas.

2. (a) Provision of equipment and training to strengthen relevant government institutions for enhanced and cost-effective management of the Sustainable-use Marine Protected Areas; (b) the monitoring, control, and surveillance of the natural resources and economic activities, including satellite-based imaging, patrols, operating costs, equipment, and infrastructure; (c) carrying out of awareness campaigns and capacity-building activities targeted at the main stakeholders, notably fishers, tourism operators, and training of relevant government institutions; (d) support towards the promotion of sustainable practices in the tourism and fisheries sectors; and (e) carrying out of METT-based third-party evaluation of management effectiveness for the Sustainable-use Marine Protected Areas.

3. Carrying out of a program of activities aimed at strengthening the Sustainable-use Marine Protected Areas Network, through the provision of Blue Grants to Protected Areas Network Beneficiaries to finance, *inter alia*, research activities on fisheries management, development and implementation of management plans, education and awareness programs, capacity building and training activities, monitoring, control and surveillance, and promotion of sustainable practices in marine tourism.
Part B. Improved governance of the Member Country’s Priority Fisheries

1. Carrying out of (a) stock assessments, socioeconomic impact assessments, preparation, and regular reviews of priority fisheries management plans; (b) capacity building activities for the steering committees of the fisheries management plans and the fishers associations; (c) support to the liaising function at the Seychelles Fishing Authority to serve artisanal fishers; (d) monitoring, control, and surveillance activities, including installation of vessel monitoring system equipment within the Fisheries Monitoring Center and on coastal patrol boats; (e) support to the certification of the semi-industrial longline fishery; (f) preparation and implementation of a fleet capacity management and licensing framework.

2. Strengthening the provision of relevant and reliable information on the status of the marine environment and fisheries and their respective contribution to the Member Country’s economy through, inter alia, (a) finalization of the fisheries information system, including fish size data capture; (b) provision of relevant training for government statisticians; (c) development of a new fisheries information management system; (d) provision of technical assistance and capacity building support to the Fisheries Economic Intelligence Unit; and (e) design and development of a satellite economic account for fisheries by the National Bureau of Statistics.

3. (a) Drafting of a fisheries sector policy note; (b) development of the fisheries sector policy and strategy and its midterm review; (c) carrying out of an assessment of the current government financial support to the fisheries sector, including sector subsidies; (d) support towards the updating of the sector legal framework, including laws, regulations and policies; and (e) provision of capacity building and ad hoc technical assistance to the relevant public entities, including MAF and the Seychelles Fishing Authority.

4. Carrying out of a program of activities aimed at improving governance of priority fisheries, through the provision of Blue Grants to Priority Fisheries Beneficiaries to finance, inter alia, research activities on fisheries management, development and implementation of management plans, education and awareness programs, capacity building and training activities, monitoring, control and surveillance, research and development for innovation in post-harvesting and marketing.

Part C. Sustainable Development of the Member Country’s Blue Economy

1. Carrying out of a program of activities to expand the seafood value chains and promote other subsector synergies, notably, through, inter alia, (a) identification of value chain development opportunities and provision of targeted capacity building to fishers and operators; (b) support to the relevant government institutions and the Fishermen and Boat Owners Association to design, develop and operationalize the Providence Fish Center; (c) installation of a small ice plant and bait storage on Praslin; (d) promotion of the nascent labelling scheme for sustainable artisanal fisheries, linking the fisheries and tourism value chains; and (e) enhanced inclusion of the sport and recreational fisheries in the fisheries management effort, through education and awareness programs and marketing to promote tagging and catch-and-release and the development of the related electronic logbook application.

2. Creating of an enabling environment for sustainable, local, small-scale investments in the aquaculture sector through, inter alia, (a) carrying out of environmental and social impact assessments for local investments in inshore and land-based aquaculture, (b) capacity-
building of select relevant investors and the Seychelles Fishing Authority, (c) development of training courses and long-term human capital development plans.

3. (a) Carrying out of a program of activities to strengthen the performance of fisheries loan schemes and their alignment with the blue economy objectives; (b) elaboration of standardized proposal assessment methodologies and related training for the Blue Investment Fund; (c) carrying out of an assessment of the maximum carrying capacity for investments in the fishing post-harvesting and service sectors; (d) provision of technical assistance to facilitate a sustainable, economically sound port development process; (e) carrying out of studies necessary to the development of different areas of the blue economy, notably, feasibility of vessel refitting, decommissioning, and buyback, policy and management for new and emerging fisheries; (f) support towards the development of policies and standards to improve recruitment and retention of local crew and skippers.

4. Strengthening of the sanitary and phytosanitary monitoring capacity in the Member Country’s territory through the setting up of an enhanced monitoring program, and provision of related training, equipment and technical assistance.

5. Provision of Blue Loans to Blue Investment Fund Beneficiaries to finance private and public investments aimed at facilitating the implementation of the Mahé Plateau fisheries management plan and the transition from open-access to better controlled fisheries, including, *inter alia*, refitting of tourism vessels, refitting fishing vessels, land-based production of high value niche products, fish processing and value addition, sector services and logistics support.

6. Support to the Member Country’s capacity to reduce the financing cost of the SWIOFish 3 Blue Bond issuance through, *inter alia*, (i) capitalization of the SWIOFish 3 Blue Bond Account to assist in the financing, directly or indirectly, of a percentage of the SWIOFish 3 Blue Bond-related coupons payments and/or purchase of a financial asset to securitize repayment of a percentage of the SWIOFish 3 Blue Bond principle; and (ii) technical assistance and Operating Costs associated with the SWIOFish 3 Blue Bond issuance.

Part D. Project coordination, management and monitoring, preparation of financial audits, and periodic evaluations through, *inter alia*, advisory services, purchase of equipment, provision of Training, Operating Costs and monitoring and evaluation activities.
SCHEDULE 2

Project Undertakings

Part I. General Covenants

1. The Member Country hereby undertakes to the Bank to punctually perform all of its obligations under the Transaction Documents to which it is a party and to take all lawful action within its power to cause DBS, SeyCCAT, and any other relevant Public Sector Entity to punctually perform all of their respective obligations under the Transaction Documents to which such entity is a party.

2. The Member Country shall notify the Bank prior to agreeing to any material amendment, waiver, termination or other change to the Transaction Documents to which the Member Country is a party, and shall obtain the written consent of the Bank prior to agreeing to any amendment, waiver, termination or other change to such Transaction Document which would or could in the opinion of the Bank materially affect the rights or obligations of the Bank under the Deed of Guarantee or any Transaction Document (including any assignment, transfer, novation, abrogation, granting of security over or other disposition of any rights or obligations under such Transaction Document).

3. The Member Country shall promptly: (i) notify and provide to the Bank copies of any notices, claims, demands, reimbursements or recoveries received under the Blue Bond Finance Documents that could result or relate to actions to enforce the payment of any Guaranteed Payment Amount (as defined in the Deed of Guarantee); and (ii) notify the Bank of any event or circumstance which would or could adversely affect the Member Country's ability to perform its obligations or exercise its rights under the Transaction Documents to which the Member Country is a party.

4. The Member Country shall take all lawful actions within its power to remedy and cure any event within the Member Country's control or responsibility that would or could result in the breach or termination of any of the Transaction Documents to which the Member Country is a party.

5. The Member Country shall not create or permit to exist or occur and shall take all lawful actions within its power to ensure that no Public Sector Entity creates or permits to exist or occur, any circumstance, or change in the laws or regulations in effect in the Member Country after the date of this Agreement that would render any obligation under any of Transaction Documents illegal, invalid, unenforceable, ineffective or void in whole or in part. If such circumstance or change exists or occurs, the Member Country shall take all lawful actions within its power to remedy and cure or to procure that the appropriate Public Sector Entity remedies and cures, the effect on such obligations of such circumstance or change in law or regulation.

6. The Member Country shall:

   (a) take all actions that shall be necessary on its part and take all lawful actions within its power to procure that each Public Sector Entity take all actions necessary on its part to enable the relevant Project Implementing Entity: (i) to obtain any Authorization for the Project required under the Transaction Documents; and (ii) to perform all of its obligations under the Transaction Documents;

   (b) carry out promptly, or cause to be carried out promptly, and take all lawful actions within its power to cause any Public Sector Entity to carry out promptly, or as may otherwise be agreed between the Member Country and the Bank, any action required to be performed by it to enable it or
DBS or SeyCCAT, to comply with the requirements of the Transaction Documents and the Safeguards Instruments;

(c) not take, and shall take all lawful actions within its power not to cause or permit any Public Sector Entity to take, any action that would prevent or interfere with the performance by the relevant Project Implementing Entity of any of its obligations in connection with the Project or under the Transaction Documents;

7. The Member Country: (i) affirms to the Bank that no Sanctionable Practices have been engaged in by any official or representative of the Member Country or any Public Sector Entity in connection with the Project, and (ii) covenants that neither it nor any Public Sector Entity shall engage in any Sanctionable Practices during and with respect to the performance of any contract or activity related to the Project.

8. Without prejudice to Sections 5.10 (Cooperation and Consultation) and 6.01 (Financial and Economic Data) of the General Conditions, the Member Country shall, upon request, promptly provide (and cause DBS and SeyCCAT and all other relevant Public Sector Entities to provide) the Bank with all information necessary, in the reasonable opinion of the Bank, for the Bank’s review of the Member Country’s performance of its obligations pursuant to this Schedule 2.

9. The Member Country shall cause all proceeds receivable by the Member Country under the Blue Bond Finance Documents to be deposited in the MFTIEP Blue Bond Proceeds Account, and shall not commingle such proceeds with any other resources or accounts (including any resources or accounts of the Member Country), except as expressly permitted under this paragraph 9. The Member Country shall maintain measures to track all transfers and withdrawals of monies into and from the MFTIEP Blue Bond Proceeds Account and provide a report on all such transfers and withdrawals to the Bank upon the Bank’s request. The Member Country shall not transfer or withdraw any monies from the MFTIEP Blue Bond Proceeds Account, except to each of SeyCCAT and DBS Designated Accounts in accordance with their respective Subsidiary Agreements, for the purposes of achieving the objectives of Parts A.3, B.4 and C.5 of the Project Description, as follows:

   a. twenty percent (20%) of the proceeds of the Notes, or three million Dollars (US$3,000,000) (or the equivalent in Seychelles Rupees (using the mid-rate spot rate of the Central Bank of Seychelles as of the date of each transfer)), to the SeyCCAT Designated Account (for the purposes of Parts A.3 and B.4 of the Project Description); and

   b. eighty percent (80%) of the proceeds of the Notes, or twelve million Dollars (US$12,000,000) (or the equivalent in Seychelles Rupees (using the mid-rate spot rate of the Central Bank of Seychelles as of the date of each transfer)), to the DBS Designated Account (for the purposes of Part C.5 of the Project),

in each case, in accordance with the SeyCCAT Subsidiary Agreement and the DBS Subsidiary Agreement, respectively. For the avoidance of doubt, the Member Country shall not use any proceeds of the Notes or any monies in the MFTIEP Blue Bond Proceeds Account to make payments of principal, interest or any other amounts due in connection with the Notes, or to reimburse or indemnify the Bank pursuant to Section 2.01 of this Agreement. Should the Member Country receive any refund from either of SeyCCAT or DBS pursuant to their respective Subsidiary Agreements, the Member Country shall deposit such refund in the MFTIEP Blue Bond Proceeds Account and use it for the purposes described in this paragraph 9.
10. The Member Country shall cause all proceeds from the GEF Loan to be deposited in the Blue Bond Account – GEF Loan, and shall not commingle such proceeds with any other resources or accounts (including any resources or accounts of the Member Country). The Member Country, through MFTIEP, shall maintain the Blue Bond Account – GEF Loan in Dollars and shall maintain measures to track all transfers and withdrawals of monies into and from the Blue Bond Account – GEF Loan and, no later than forty-five (45) days after the end of each semester provide a semi-annual report to the Bank on such Blue Bond Account – GEF Loan, including all transfers and withdrawals thereto or therefrom, and (if and where applicable), details of the management performance, capital value, asset allocation, and Blue Bond interest payment expenditures of that Blue Bond Account-GEF Loan. The Member Country shall utilize the GEF Loan and the Blue Bond Account - GEF Loan only to make certain payments of interest on the Notes in accordance with Schedule 3 to this Agreement on or before each related Interest Payment Date and in accordance with the Blue Bond Account Manual. In case of any conflict between the terms of this Agreement and the Blue Bond Account Manual, the terms of this Agreement shall prevail. For the avoidance of doubt, the Member Country shall not use the GEF Loan or any monies in the Blue Bond Account – GEF Loan to reimburse or indemnify the Bank pursuant to Section 2.01 of this Agreement or to repay the Bank or the Global Environment Facility under the GEF Loan Agreement, or to make payments of principal or any other amounts due in connection with the Notes, except (i) to make such payments of interest as described above or (ii) in the event of an acceleration of payments on the Notes, to make payments of amounts outstanding on the Notes.

11. In the event that an event described in Clause 6 (Replacement of Trustee or Paying Agent) of the Deed of Guarantee has occurred, the Member Country shall, upon notice from the Bank, use its best efforts to promptly remove the Trustee or the Paying Agent, as the case may be, and appoint a new Trustee or Paying Agent, acceptable to the Bank, under the Trust Deed or the Agency Agreement, as the case may be.

12. The Member Country represents and warrants to the Bank on the terms of each of the representations and warranties set out in paragraph 3 (Representations and Warranties) to the Note Purchase Agreement as if such representations and warranties had been set out in full in this Agreement.

Part II. Implementation Covenants

13. Project Steering Committee

(a) The Member Country shall maintain, at all times during the implementation of the Project, a Project steering committee with a mandate, composition and resources satisfactory to the Bank ("Project Steering Committee").

(b) Without limitation upon the provisions of sub-paragraph (a) above, the Project Steering Committee shall be chaired by a representative of MFTIEP, the assistant to the Project shall serve as the secretary and it shall further be comprised of, inter alia, representatives of the Member Country’s ministries responsible for agriculture and fisheries, environment, energy and climate change, and foreign affairs; the Seychelles Fishing Authority; the Seychelles National Parks Authority; and the Seychelles Port Authority.

(c) The Project Steering Committee shall meet at least semi-annually and shall be responsible for Project oversight, including inter alia: (i) reviewing the proposed Annual Work Plans and Budgets for the Project, (ii) providing overall Project oversight and strategic guidance, (iii) facilitating adequate coordination with relevant
stakeholders and alignment with sector strategies, and (iv) identifying necessary Project adjustments based on monitoring and evaluation reports.

14. **Project Implementation Unit**

(a) For purposes of the Project, except Parts A.3, B.4, C.5 and C.6 of the Project Description, the Member Country shall maintain at all times until the completion of the Project, the Project Implementation Unit within the MFTIEP with terms of reference and resources satisfactory to the Bank ("Project Implementation Unit").

(b) Without limitation upon the provisions of sub-paragraph (a) above, the Project Implementation Unit shall at all times:

(i) be comprised of qualified and experienced personnel in adequate numbers, and to this end, *inter alia*, no later than six (6) months after the Effective Date (as defined in the GEF Loan Agreement), recruit an environmental and social specialist and a monitoring and evaluations specialist, all with qualifications and terms of reference acceptable to the Bank; and

(ii) be responsible for the day-to-day Project coordination and implementation, including: (A) preparing each proposed Annual Work Plan and Budget for the Project, updating the Procurement Plan and consolidating the Project Reports for the Project Steering Committee; (B) carrying out all Project procurement activities including developing and maintaining a comprehensive procurement filing system for the Project, except Parts A.3, B.4 and C.5 of the Project Description; and (C) monitoring and evaluating the Project.

15. The Member Country shall maintain the Project Operations Manual (including the Blue Bond Account Manual) and shall carry out the Project in accordance with the Project Operations Manual and shall not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, without the prior written consent of the Bank. In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

16. **Annual Work Plan and Budget**

(a) Not later than December 31 in each calendar year (or one (1) month after the Effective Date (as defined in the GEF Loan Agreement) for the first year of Project implementation), the Member Country shall prepare or cause to be prepared a draft annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the Bank shall have reasonably requested.

(b) The Member Country shall afford the Bank a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out (or cause to be carried out) such annual work plan and budget during such subsequent calendar year as shall have been approved by the Bank ("Annual Work Plan and Budget").

(c) Any Training proposed to be included in an Annual Work Plan and Budget, shall include, *inter alia*: (i) particulars of the Training envisaged; (ii) the criteria for selection of the personnel to be trained, and such personnel if known; (iii) the selection method of the institution or individuals
conducting such Training; (iv) the institution conducting such Training if identified; (v) the purpose and justification for such Training; (vi) the location and duration of the proposed training; and (vii) the estimate of the cost of such Training.

(d) Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Bank's prior written approval.

17. The Member Country shall implement (or cause SeyCCAT and DBS to implement) the Project in accordance with the relevant Safeguards Instruments, and shall, to that end:

(a) if any activity under the Project requires the adoption of a Supplemental Safeguard Instrument:

(i) prepare or cause to be prepared: (A) such Supplemental Safeguard Instrument in accordance with the applicable ESMF or PF; (B) furnish such Supplemental Safeguard Instrument to the Bank for review and approval; and (C) thereafter adopt such Supplemental Safeguard Instrument prior to implementation of the activity; and

(ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Safeguard Instrument;

(b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before compensation measures under the applicable LRP, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken; and

(c) provide the support of the environmental and social specialist of the PIU to SeyCCAT and DBS for screening, monitoring, reporting and advisory functions in accordance with the Subsidiary Agreements.

18. Without limitation upon its other reporting obligations in connection with the Project, the Member Country shall, for each applicable Safeguard Instrument, regularly collect, compile and furnish, cause to be regularly collected, compiled and furnished to the Bank reports in form and substance satisfactory to the Bank, on the status of compliance with each applicable Safeguard Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of such Safeguard Instrument;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instrument; and

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

19. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.
20. The Member Country shall ensure that:

(a) all terms of reference for any technical assistance and studies to be carried out under the Project are consistent with the Bank’s environmental and social safeguard policies; and

(b) in any Project activity that may support the drafting of regulatory instruments for the purpose of the Project, due attention is given to said policies.

21. The Member Country shall (and shall cause SeyCCAT or DBS, as the case may be, to) monitor and evaluate the progress of the Project and prepare periodic reports ("Project Reports"), in form and substance satisfactory to the Bank, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Project and to achieve the Project’s objectives. The Member Country shall furnish or cause to be furnished each Project Report to the Bank promptly upon its preparation, afford the Bank a reasonable opportunity to exchange views with the Member Country and each Project Implementing Entity on such report, and thereafter implement such recommended measures, taking into account the Bank’s views on the matter. Each Project Report shall cover the period of one calendar semester and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

22. Without limitation on the provisions of paragraph 21 above, the Member Country shall prepare and furnish to the Bank 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 Bank.

23. The Member Country shall maintain or cause to be maintained a financial management system and prepare financial statements ("Financial Statements") in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Member Country. The Member Country shall: (i) have the Financial Statements periodically audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank; (ii) furnish or cause to be furnished to the Bank the Financial Statements, as so audited, not later than six months after the end of each fiscal year of the Member Country, together with such other information concerning the audited Financial Statements and such auditors, as the Bank may from time to time reasonably request; and (iii) make the audited Financial Statements, or cause the audited Financial Statements to be made, publicly available in a timely fashion and in a manner acceptable to the Bank.
APPENDIX

Section I. Definitions

1. “Affected Person” means a person who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood; and “Affected Person” means any of the Affected Persons.


3. “Authorization” means any consent, registration, filing, agreement, notarization, certificate, license, approval, permit, authority or exemption from, by or with any Public Sector Entity, whether given by express action or deemed given by failure to act within any specified time period.

4. “Bank” and “IBRD” mean the International Bank for Reconstruction and Development.

5. “Blue Bond Account—GEF Loan” means the account with the name Blue Bond Account GEF—TF0A5322, number 14152, held by the Ministry of Finance, Trade, Investment and Economic Planning at the Central Bank of Seychelles to receive the proceeds of the GEF Loan.


7. “Blue Bond Finance Documents” means the Conditions of the Notes, the Placement Agency Agreement between the Member Country as issuer and Standard Chartered Bank as placement agent dated on or about the date hereof, the Investor Representation Letters and any Transferee Representation Letters, the Paying Agency Agreement, the Note Certificates, the Trust Deed and the Note Purchase Agreement.

8. “Blue Grants Committee Procedures Manual” means the manual prepared in manner and form acceptable to Seychelles and the Bank containing (a) detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of SeyCCAT’s Respective Parts of the Project; (ii) Project budgeting, disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, reporting and communication; (v) environmental and safeguard management and such other administrative, financial, technical and organizational arrangements and procedures as shall be required for SeyCCAT’s Respective Parts of the Project, no provision of which relating to SeyCCAT’s Respective Parts of the Project, environmental and social safeguards procedures and requirements, or use of the Blue Bonds Proceeds Grants Financing may be amended, abrogated, waived, or permitted to be amended, abrogated or waived, without the prior written consent of the Bank.

9. “Blue Grant” means a grant provided or to be provided by SeyCCAT out of funds made available out of the proceeds of the Notes to Protected Areas Network Beneficiaries and Priority Fisheries Beneficiaries under SeyCCAT’s Respective Parts of the Project.
10. “Blue Grants Fund” means the fund administered by SeyCCAT for the provision of grants (i) Blue Grants and (ii) grants funded from other sources to other beneficiaries.

11. “Conditions” has the meaning set forth in the Trust Deed.

12. “DBS” means Development Bank of Seychelles, a development finance institution with a specific mandate to assist in the economic development of the Member Country pursuant to the DBS Legislation.

13. “DBS Legislation” means the decree Chapter 63, dated February 1, 1978, establishing DBS.

14. “DBS Manuals” means the set of manuals prepared in manner and form acceptable to Seychelles and the Bank containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of DBS’ respective parts of the Project; (ii) Project budgeting, disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, reporting and communication; (v) environmental and safeguard management and such other administrative, financial, technical and organizational arrangements and procedures as shall be required for DBS’ respective parts of the Project, and currently consisting of each and all of the DBS Technical Evaluation Manual and the Project Operations Manual for the Blue Investment Fund and the Loan Application Package (each as further described in the DBS Project Agreement), which manuals may not be amended, abrogated, waived, or permitted to be amended, abrogated or waived, without the prior written consent of the Bank.

15. “DBS Project Agreement” means the project agreement between DBS and IBRD setting out certain obligations of DBS for its implementation of its Respective Parts of the Project.

16. “DBS Subsidiary Agreement” means the agreement dated on or about the date hereof between the Member Country and DBS, acceptable to the Bank, under which the Member Country shall make part of the proceeds of the Notes available to DBS in order to achieve the objectives of Part C.5 of the Project.

17. “Deed of Guarantee” has the meaning given in the preamble to this Agreement.

18. “Environmental and Social Management Framework” or “ESMF” means the Safeguards instrument disclosed in Seychelles on May 11, 2017 and on the IBRD website on May 12, 2017, in form and substance satisfactory to IBRD, outlining environmental and social implementation procedures, mitigation measures and monitoring procedures for SWIOFish3, as said framework may be amended from time to time with the IBRD’s prior written approval, and such term includes any schedules or annexes to the framework.


20. “GEF Loan” means the loan in an amount not exceeding five million Dollars ($5,000,000) made available under the GEF Loan Agreement.

21. “GEF Loan Agreement” means the agreement dated October 15, 2017 between the Member Country and the Bank, acting as Implementing Agency of the GEF, making available the GEF Loan to assist the Member Country in financing Part C.6 of the Project.
22. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

23. "Guarantee" means the guarantee provided by the Bank pursuant to the Deed of Guarantee.

24. "Guarantee Limit" has the meaning set forth in the Deed of Guarantee.

25. "Interest Payment Date" has the meaning set forth in the Conditions of the Notes.


27. "Livelihood Restoration Plan" or "LRP" means a plan to be prepared by the PIU, in form and substance satisfactory to IBRD as defined in the Process Framework, setting forth the specific modalities for compensation of Affected Persons under SWIOFish3 activities, as said document may be amended and/or supplemented from time to time with the prior written concurrence of the IBRD and subject to the initial consultation and disclosure requirements carried out on the LRP, and such term includes any schedules or annexes to the plan.

28. "Mahé Plateau" means Seychelles’ plateau that hosts the granitic islands.

29. "MFTIEP Blue Bond Proceeds Account" means the account with the name SwioFish3 Blue Bond Account, number 14153, held by the Ministry of Finance, Trade, Investment and Economic Planning at the Central Bank of Seychelles that will receive and hold the proceeds of the Notes.

30. "Note Certificate" has the meaning set forth in the Trust Deed.

31. "Note Purchase Agreement" has the meaning set forth in the Deed of Guarantee.

32. "Paying Agency Agreement" has the meaning set forth in the Deed of Guarantee.

33. "Priority Fisheries Beneficiaries" means eligible individuals and/or firms to which a Blue Grant is provided to improve governance of priority fisheries through the financing, inter alia, of research activities on fisheries management, development and implementation of management plans, education and awareness programs, capacity building and training activities, monitoring, control and surveillance, and research and development for innovation in post-harvesting and marketing, and as further provided in this Agreement.

34. "Process Framework" or "PF" means the Safeguards instrument disclosed in Seychelles on May 11, 2017 and on the IBRD’s website on May 12, 2017, outlining the participatory process to be followed for activities implemented under SWIOFish3 that lead to restrictions of access to natural resources in Targeted Zones, including legally designated parks and protected areas, including the criteria for eligibility of project affected persons for receiving any mitigating or compensating measures under SWIOFish3, as said framework may be amended and/or supplemented from time to time with the prior written consent of the IBRD, and such term includes any schedules to such framework.

35. "Project" means the project to improve management of marine areas and fisheries in Targeted Zones and strengthen fisheries value chains in the Member Country’s territory, as described in the Project Description.
36. "Project Agreement" means each or either of the DBS Project Agreement and the SeyCCAT Project Agreement, and "Project Agreements" means both of them.

37. "Project Description" has the meaning given in the preamble to this Agreement.

38. "Project Implementation Unit" or "PIU" means the unit established within the Ministry of Finance, Trade, Investment and Economic Planning, pursuant to Seychelles’ letter dated June 1st, 2017, responsible for the day to day implementation of SWIOFish3.

39. "Protected Areas Network Beneficiaries" means eligible individuals and/or firms to which a Blue Grant is to strengthen the Sustainable-use Marine Protected Areas Network through the financing, inter alia, of research activities on fisheries management, development and implementation of management plans, education and awareness programs, capacity building and training activities, monitoring, control and surveillance, and promotion of sustainable practices in marine tourism, and as further described in this Agreement.

40. "Public Sector Entity" means:
   (a) DBS;
   (b) SeyCCAT;
   (c) the Government of the Member Country, the Parliament of the Member Country, any governmental department or ministry, agency, body (including any state-owned company or other state-owned entity), instrumentality or public authority, whether national, regional or local (or any subdivision thereof), or any other entity subject to the overall control or direction as to matters of policy of the Government of the Member Country or which is otherwise controlled by the Government of the Member Country;
   (c) any court in the Member Country with jurisdiction over a Project Implementing Entity, the Project or any part thereof; or
   (d) any other person in the Member Country having or asserting authority to issue a license, approval or consent required or necessary in connection with the Project, or otherwise having jurisdiction over any aspect of the Project.

41. "Respective Parts of the Project" means, with respect to SeyCCAT, Parts A.3 and B.4 of the Project Description and, with respect to DBS, Part C.5 of the Project Description.

42. "Safeguards Instruments" means, collectively, the ESMF, PF and any Supplemental Safeguards Instrument.

43. "Sanctionable Practices" means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice or Obstructive Practice, as those terms are defined and interpreted in accordance with the Anti-Corruption Guidelines.

44. "SeyCCAT" means the Conservation and Climate Adaptation Trust of Seychelles, established pursuant to SeyCCAT’s Legislation.
45. “SeyCCA T Designated Account” means the account that SeyCCAT will designate to receive the funds from the MFTIEP Blue Bond Proceeds Account for the Blue Grants Fund.

46. “SeyCCA T Manuals” means the set of manuals prepared in manner and form acceptable to Seychelles and the Bank containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of SeyCCAT’s Respective Parts of the Project; (ii) Project budgeting, disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, reporting and communication; (v) environmental and safeguard management and such other administrative, financial, technical and organizational arrangements and procedures as shall be required for SeyCCAT’s Respective Parts of the Project, and currently consisting of each and all of SeyCCAT’s Operational Manual dated as of March 30, 2018, SeyCCAT’s Reporting Formats dated as of March 30, 2018 and SeyCCAT’s Blue Grants Committee Procedures Manual dated as of March 30, 2018, no provisions of which manuals relating to SeyCCAT’s Respective Parts of the Project, environmental and social safeguards procedures and requirements, or use of the Blue Bonds Proceeds Financing, may be amended, abrogated, waived, or permitted to be amended, abrogated or waived, without the prior written consent of the Bank.

47. “SeyCCA T’s Legislation” means the Conservation and Climate Adaptation Trust of Seychelles Act, dated November 19, 2015.

48. “SeyCCA T Project Agreement” means the project agreement between SeyCCAT and IBRD setting out certain obligations of SeyCCAT for its implementation of its Respective Parts of the Project.

49. “SeyCCA T Subsidiary Agreement” means the agreement dated on or about the date hereof between the Member Country and SeyCCAT, acceptable to the Bank, under which the Member Country will make part of the proceeds of the Notes available to SeyCCAT in order to achieve the objectives of Parts A.3 and B.4 Parts of the Project Description.

50. “Seychelles Rupees” or “SCR” means the lawful currency of Seychelles.

51. “Subsidiary Agreement” means each or either of the DBS Subsidiary Agreement and the SeyCCAT Subsidiary Agreement, and “Subsidiary Agreements” means both of them.

52. “Supplemental Safeguards Instrument” means any document to be prepared by Seychelles and approved by the Bank for purposes of the Project, under the aegis of the Safeguards Instruments, proposing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and social impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the Bank.

53. “Sustainable-use Marine Protected Areas” means designated areas of the marine environment that contain modified or unmodified natural systems, managed to ensure long term protection and maintenance of ecosystems and services, while providing at the same time a sustainable flow of natural products and services compatible with nature conservation, pursuant to Seychelles’ Protected Areas Policy 2013.

54. “Sustainable-use Marine Protected Areas Network” means the network of Sustainable-use Marine Protected Areas.

55. “Targeted Zones” means any geographical area where Project activities will be implemented, including Sustainable-use Marine Protected Areas and the Mahé Plateau.
56. “Training” means the training of persons under the Project based on the Annual Work Program approved by the Bank, including through seminars, workshops, knowledge sharing activities and study tours, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

57. “Transaction Document” means:

   (a) this Agreement;
   (b) the Blue Bond Finance Documents;
   (c) the Project Agreements;
   (d) the Subsidiary Agreements;
   (e) the Project Operations Manual
   (f) the DBS Manuals; and
   (g) the SeyCCAT Manuals.

58. “Transferee Representation Letter” has the meaning set forth in the Deed of Guarantee.

59. “Trust Deed” has the meaning set forth in the Deed of Guarantee.

Section II. General Conditions

The following provisions of the General Conditions, with the modifications set forth below, constitute an integral part of this Agreement:

1. Article I.
2. Sections 3.06, 3.07, 3.09 and 3.10.
3. Sections 5.10 (modified by replacing references to the term “Loan” with the term “Guarantee”), 5.11 and 5.12.
4. Section 6.01.
5. Section 6.02(a), modified and replaced in its entirety to read as follows:

   (a) “It is the policy of the Bank, in making loans to, or with the guarantee of, its members not to seek, in normal circumstances, special security from the member concerned but to ensure that no other External Debt shall have any priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member. To that end, if any Lien is created on any Public Assets as security for any External Debt, which will or might result in a priority for
the benefit of the creditor of such External Debt in the allocation, realization or distribution of foreign exchange, such Lien shall, unless the Bank shall otherwise agree, ipso facto and at no cost to the Bank, equally and ratably secure the amounts payable by the Member Country under this Agreement, which, for purposes of the Section only, shall be deemed to be equal to the Guarantee Limit under the Deed of Guarantee, and the Member Country, in creating or permitting the creation of such Lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason such provision cannot be made with respect to any Lien created on assets of any or its political or administrative subdivisions, the Member Country shall promptly and at no cost to the Bank secure all amounts payable by the Member Country under this Agreement by an equivalent Lien on other Public Assets satisfactory to the Bank.”

6. Section 6.02(c).
7. Article VIII.
8. Section 10.01, modified by deleting at the beginning of the second sentence the words “Except as otherwise provided in Section 9.03(a).”
9. Section 10.02, modified by deleting the words “(and the representative designated by the Project Implementing Entity in the Project Agreement)” and “(or the Project Implementing Entity, as the case may be).”
10. Section 10.03, modified by deleting the words “and the Project Implementing Entity.”
11. Sections 10.04 and 10.05.
12. Paragraphs 6, 7, 8, 9 and 10 of the Appendix.
13. Paragraphs 12, 13, 24, 33, 38, 39 and 41 of the Appendix.
14. Paragraph 59 of the Appendix, modified and replaced in its entirety to read as follows:

“'Legal Agreement’ means the indemnity agreement between the Member Country and the Bank pertaining to the Guarantee, as such agreement may be amended from time to time. ‘Legal Agreement’ includes these General Conditions as applied to the Legal Agreement, and all appendices, schedules and agreements supplemental to the Legal Agreement.”

15. Paragraph 61 of the Appendix.
16. Paragraph 64 of the Appendix, modified and replaced in its entirety to read as follows:

“'Loan Agreement’ means the Legal Agreement.”

17. Paragraph 66 of the Appendix, modified and replaced in its entirety to read as follows:

“'Loan Party’ means the Member Country.”

18. Paragraph 75 of the Appendix, modified by deleting the words “for which the Loan is extended”.

22
Paragraph 76 of the Appendix, modified and replaced in its entirety to read as follows:

"'Project Agreement' means each respective project agreement entered into or to be entered into between the Bank and DBS and the Bank and SeyCCAT, respectively, in connection with the Guarantee, as the same may be amended from time to time in accordance with their terms. "Project Agreement" includes these General Conditions as applied to each Project Agreement, and all appendices, schedules and agreements supplemental to each Project Agreement."

Paragraph 77 of the Appendix, modified and replaced in its entirety to read as follows:

"'Project Implementing Entity' means each of DBS and/or SeyCCAT, as context may require, which is a party to the DBS Project Agreement and/or the SeyCCAT Project Agreement, as applicable."

Paragraphs 81, 89, 90 and 97 of the Appendix.

Section III. Anti-Corruption Guidelines for World Bank Guarantee and Carbon Finance Transactions

The purpose of these Guidelines is to clarify the meaning of the terms "Corrupt Practices," "Fraudulent Practices," "Coercive Practices," "Collusive Practices" and "Obstructive Practices" in the context of World Bank project-based guarantee operations and carbon finance transactions, where the World Bank, as trustee of a carbon fund, purchases emission reductions under an emission reductions purchase agreement.

1. CORRUPT PRACTICES

A "Corrupt Practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

INTERPRETATION

A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.

B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.
C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.

D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.

E. The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. FRAUDULENT PRACTICES

A “Fraudulent Practice” is any action or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

INTERPRETATION

A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a “Fraudulent Practice” for purposes of World Bank Group sanctions.

B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in World Bank Guarantee or carbon finance operations. Similarly, other illegal behavior is not condoned, but will not be sanctioned as a Fraudulent Practice under the World Bank sanctions program as applicable to World Bank Guarantee or carbon finance operations.

3. COERCIVE PRACTICES

A “Coercive Practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

INTERPRETATION

A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.
4. **COLLUSIVE PRACTICES**

A "Collusive Practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

**INTERPRETATION**

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. **OBSTRUCTIVE PRACTICES**

An "Obstructive Practice" is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the World Bank’s access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

**INTERPRETATION**

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

**GENERAL INTERPRETATION**

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.
## SCHEDULE 3
### PAYMENTS OF AMOUNTS FROM THE BLUE BOND ACCOUNT – GEF LOAN

**Interest Payment Schedule**

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