Global Environment Facility
Grant Agreement

(Management and Protection of Key Biodiversity Areas Project)

between

BELIZE

and

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

Dated November 5, 2014
GEF GRANT NUMBER TF016773

GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT

AGREEMENT dated November 5, 2014, entered into between BELIZE ("Recipient") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an Implementing Agency of the Global Environment Facility ("GEF").

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 objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through MFFSD and with the fiduciary assistance of PACT, in accordance with the provisions of Article II of the Standard Conditions and the Subsidiary Agreement.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III

The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to six million eighty-five thousand six hundred United States Dollars ($6,085,600) ("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 GEF trust fund for which the World Bank receives periodic contributions from the donors 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 donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

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

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

(c) 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.

(d) As a result of events which have occurred after the 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.

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

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 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, but in no case later than eighteen (18) months after the World Bank's approval of the Grant which expires on March 29, 2016. The World Bank shall promptly notify the Recipient of such later date.

**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 City, as of the day and year first above written.

BELIZE

By

Authorized Representative

Name: DEAN BARROW
Title: MINISTER OF FINANCE

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

By

Authorized Representative

Name: Sophie Sicotene
Title: Country Director
SCHEDULE 1
Project Description

The objective of the Project is to strengthen natural resource management and biodiversity conservation in Key Biodiversity Areas of Belize.

The Project consists of the following parts:

Part 1. Supporting Forest Protection and Sustainable Forest Management Activities in Key Biodiversity Areas

Part 1.1. Forest Protection

(a) Support for the review of the Recipient’s land tenure legislation with a view to identifying potential improvements to such legislation.

(b) Support for training required to promote a REDD+ program.

(c) Support for the development and establishment of a fire incidence rapid response team, including through preparation of a work plan and the provision of training and required equipment (such as fire rakes, fire swatters, nomex clothing).

Part 1.2. Sustainable Forest Management

(a) Rehabilitation of critical areas of high conservation value through identification, development and implementation of community-based Sub-projects, incorporating climate change mitigation and resiliency measures.

(b) Implementation of Sub-projects for sustainable harvesting and marketing of non-timber forest products (such as xate, cohune nut, bay leaf, and popa seeds) and for other community-based forestry opportunities, including, but not limited to, assessment and identification of opportunities for community-based forestry, stakeholder mapping and mobilization, identification of potential products, marketing and product development, training on product development, market analysis and development, and development of business plans.

(c) Support for identification and implementation of activities raising awareness on sustainable forest management.
(d) Support for the development and implementation of sustainable forest management plans, including through assessing existing forestry standards for monitoring and evaluation, existing tools and programs to reduce illegal logging, and for the establishment of an FIS, including collection and management of information on change in forest cover, degradation, illegal activities, fire, sustainable forest management, REDD+ and a data sharing protocol with environmental impact assessments and provision of training on such FIS.

Part 2. Promoting Effective Management of Key Biodiversity Areas

Part 2.1. Improving Management of Key Biodiversity Areas

(a) Support for the implementation of the recommendations set forth in the PA Rationalization Exercise, including development of procedures, guidelines, criteria and corresponding regulations for the declaration, re-alignment and de-reservation of protected areas and for operationalization of the Recipient's comprehensive protected areas legislation to integrate those protected areas which are currently managed under different legislative acts.

(b) Support for the development and effective implementation of protected areas management plans in the targeted Project Sites, including through identification of management needs, development of a geographic information system (GIS) database and application for data management and analysis, provision of natural resource management training and mentoring, and for capacity building of Protected Areas Co-management Organizations.

(c) Support for updating the National Protected Areas System Plan (NPASP) to take into account considerations of climate change mitigation and resilience.

Part 2.2. Monitoring and Compliance of Protected Areas

(a) Support for reviewing the legal framework for the protection of biodiversity and forests with a view to identifying potential improvements to such legal framework, including an analysis of, and proposed updates to, the Forest Act and Wildlife Act.

(b) Support for implementation of monitoring and compliance in the Project Sites through demarcation of Project Site boundaries,
establishment of a compliance and monitoring unit, development and implementation of an operational plan for ensuring compliance with protected status of protected areas, and provision of training, equipment and transportation for such compliance and monitoring unit.

(c) Support for the development and establishment of a biodiversity monitoring system for Key Biodiversity Areas and for increasing biodiversity monitoring capacity, including through support for implementation of the National Biodiversity Monitoring Program in the Project Sites, incorporation of biodiversity information into FIS for the Project Sites, development of biodiversity monitoring guidelines, identification of a biodiversity monitoring field crew, and provision of monitoring tools and training on biodiversity monitoring to stakeholders.

Part 3. Institutional Strengthening and Capacity Building for Enhanced Enforcement of Environmental Regulations

Part 3.1 Increased Coordination for Balancing Environmental Management and Development

(a) Support for the establishment of a departmental committee for the promotion of a balance between environmental management and development needs.

(b) Strengthening of compliance monitoring capacity of staff in the MFFSD’s Department of the Environment and other key agencies including provision of equipment and training in thematic areas such as compliance monitoring, use of new equipment, site inspection techniques, environmental audits, interpretation of lab analyses and water quality monitoring.

Part 3.2 Strengthening and Improvement of Environmental Screening Tools and Processes

(a) Support for the establishment of a standardized environmental impact assessment program and protocols for enhanced environmental screening and scoping, including revising the Recipient’s existing environmental impact assessment program, updating the environmental impact assessment manual, and mainstreaming environmental impact assessment processes into relevant institutions and entities.
(b) Support for the improvement of the capacity for decision-making in the environmental impact assessment process, including through the development and implementation of an information management system for environmental impact assessments, the definition of roles and responsibilities of the Recipient’s “National Environmental Assessment Committee” and other key agencies in the environmental impact assessment process, an assessment of the environmental impact assessment process with a view to improving such process with a focus on stakeholder involvement, and the review of, and development of proposed amendments to, the Recipient’s environmental impact assessment regulations to include other environmental tools and processes.

(c) Provision of training to staff in the MFFSD’s Department of the Environment and other key agencies on other environmental management tools, instruments and concepts to enhance the environmental screening and clearance process.

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.
Section I. Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the fiduciary functions under the Project, including for Sub-projects, 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 therein set forth, 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 practices, and to remain responsible for all fiduciary functions of each Sub-project, in particular, administering the proceeds of the Grant allocated to such Sub-project, procurement of goods, works and services, and managing all financial management aspects related to such Sub-project;

(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 prior 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 and Technical Advisory 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. **Implementation Arrangements**

1. The Recipient shall maintain the Project Steering Committee, throughout the duration of the Project, with a structure and in a form and with functions, staffing (under terms of reference, qualifications and scope of responsibilities) and adequate resources, all satisfactory to the World Bank, and shall cause the Project Steering Committee to be responsible for general Project strategic guidance and implementation oversight, including with regard to screening and evaluation of Sub-project proposals, as further set forth in the POM.

2. The Recipient shall maintain the Technical Advisory Committee, throughout the duration of the Project, with a structure and in a form and with functions, staffing (under terms of reference, qualifications and scope of responsibilities) and adequate resources, all satisfactory to the World Bank, and shall cause the Technical Advisory Committee to be responsible for general Project technical guidance on Project implementation, including with regard to screening and evaluation of technical aspects of Sub-project proposals, as further set forth in the POM.

3. The Recipient shall establish and thereafter operate and maintain the PIAG within MFFSD throughout the duration of the Project, in a form and with functions, staffing (under terms of reference, qualifications and scope of responsibilities) and adequate resources, all satisfactory to the World Bank, and shall cause the PIAG to be responsible for general Project implementation and management, including Sub-projects, 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 approval of the World Bank.

5. 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 appropriate legal arrangements, 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 on its respective Project Site in accordance with the pertinent implementation arrangements, including, if applicable, compliance with the Anti-Corruption Guidelines.
6. The Recipient shall ensure that the compliance and monitoring unit established under Part 2.2(b) of the Project shall be in form and substance and with functions and responsibilities satisfactory to the World Bank.

7. In case of any conflict among the terms of the POM, the Subsidiary Agreement, the Sub-project Implementation Agreements and this Agreement, the provisions of this Agreement shall prevail.

C. Sub-Projects

1. The Recipient shall, through the PIAG and with input from the Project Steering Committee and Technical Advisory Committee, if required, screen and evaluate Sub-project proposals, and award Sub-projects to 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 Sub-project and the achievement of its objectives;

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

   (c) enter into a Sub-project Implementation Agreement with the respective 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 Beneficiary to benefit and be eligible for support under the Sub-project, or require the Beneficiary to return the value of any goods, works or services provided under a Sub-project, upon the Beneficiary’s failure to perform any of its obligations under the Sub-project Implementation Agreement; and

      (ii) the requirement that each Beneficiary:

             (A) carry out its Sub-project 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 Sub-project, 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.

3. The Recipient shall exercise its rights and carry out its obligations under each Sub-project 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 Sub-project Implementation Agreement or any of its provisions.

D. Environmental and Social Safeguards

1. The Recipient shall ensure, and cause 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, Resettlement Action Plan or Indigenous Peoples Plan, as applicable, would be required for any Project activity or Sub-project on the basis of the EMF, Resettlement Instruments or IPF, as applicable: (i) such EMP, RAP or IPP, as applicable, shall be prepared in accordance with the requirements of the EMF, Resettlement Instruments and IPF, as applicable, disclosed locally and furnished to the World Bank; (ii) adequate and meaningful consultations shall be carried out on said EMP, RAP or IPP; and (iii) the activities or Sub-project shall be carried out in accordance with such EMP, RAP and IPP 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 RAP or IPF, or both, 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 RAP or IPP or both; 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, paragraph 4 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; and

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

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.

E. Annual Work Plan

For the purposes of carrying out the 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.

F. Anti-Corruption

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

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 as set forth 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 to furnish such 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 “Guidelines: Procurement of Goods, Works and Non-
consulting Services under IBRD Loans and IDA Credits and Grants by
World Bank Borrowers” dated January 2011, revised July 2014
(“Procurement Guidelines”) in the case of goods, works and non-
consulting services, and Sections I and IV of the “Guidelines: Selection
and Employment of Consultants under IBRD Loans and IDA Credits and
Grants by World Bank Borrowers” dated January 2011, revised July
2014 (“Consultant Guidelines”) in the case of consultants’ services; and

(b) the provisions of this Section III, as the same shall be elaborated in the
procurement plan prepared and updated from time to time by the
Recipient for the Project in accordance with paragraph 1.18 of the
Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines
(“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) Shopping; (b) Direct Contracting; and (c) National Competitive Bidding, subject to the provisions set forth in the POM.

**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) Least Cost Selection; (b) Selection based on Consultants’ Qualifications; (c) Selection of Individual Consultants; (d) Single-source Selection of Individual Consultants; and (e) Single-source Selection of Consulting Firms.

**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>4,835,600</td>
<td>100%</td>
</tr>
<tr>
<td>Training, and Monitoring and Compliance Activities, except for Sub-projects, and Operating Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services, and Training for Sub-projects</td>
<td>1,250,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>6,085,600</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $500,000 equivalent may be made for payments made prior to this date but on or after November 8, 2013, for Eligible Expenditures under Categories 1 and 2.

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

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APPENDIX

Definitions

1. “Affected Persons” means persons who, on account of the involuntary taking of land under the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; (iv) access to legally designated parks and protected areas restricted, resulting in adverse impacts on their livelihoods; or (v) business, occupation, work or place of residence or habitat adversely affected.


3. “Beneficiary” means a community, legally registered in accordance with the laws of the Recipient (specifically, the Non-Governmental Organizations Act, Chapter 315, revised edition of 2000; and the Companies Act, Chapter 250, revised edition 2003), or other legally registered or incorporated organization or entity, as may be selected as eligible in accordance with procedures, selection methods and eligibility criteria acceptable to the World Bank, as set forth in the POM.

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

5. “Environmental Management Framework” or “EMF” means the Recipient’s environmental management framework, acceptable to the World Bank, dated and published on October 18, 2013, revised and re-disclosed on August 1, 2014, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental assessments and EMPs under the Project, including measures for protection of natural habitats and forests, 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.

6. “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, paragraph 1 of Schedule 2 to this Agreement and acceptable to the World Bank, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies designed

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to facilitate the achievement of the objective of the Environmental Management Framework, including measures for protection of natural habitats and forests, 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.

7. "FIS" means a forest information system, an integrated system to assess land use, land use change and forestry combining the use of remote sensing, geographical information system, image processing, database management, and data access functionality for the purpose of monitoring, planning and decision making for sustainable forest management, biodiversity management, and climate change.

8. "Forest Act" means the Recipient's Forests Act, Chapter 213, revised as of December 21, 2000, as amended from time to time.

9. "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.

10. "Indigenous Peoples Framework" or "IPF" means the Recipient's framework dated and published on October 18, 2013, revised and re-disclosed on August 1, 2014, acceptable to the World Bank, setting forth procedures for preparation of an indigenous peoples plan, measures for addressing the needs of the Indigenous Peoples, and providing guidelines and procedures for consultation with and informed participation of Indigenous Peoples residing or cultivating lands in areas under the Project, and referred to in Section I, Part D, paragraph 1 of Schedule 2 to this Agreement, as such framework may be updated from time to time with the agreement of the World Bank.

11. "Indigenous Peoples Plan" or "IPP" means any site-specific indigenous peoples plan for the Project prepared and implemented in accordance with the IPF and the provisions of Section I, Part D of Schedule 2 to this Agreement and approved by the World Bank.

12. "Involuntary Resettlement Policy Framework" or "IRPF" means the Recipient's Involuntary Resettlement Policy Framework published on October 18, 2013, and revised and re-disclosed on August 1, 2014, acceptable to the World Bank, identifying potential Affected Persons, defining the modalities for land acquisition under the Project, and describing the policies, procedures, plans and actions (including the resettlement action
plan), and institutional measures related to land acquisition and other social impacts that may arise during the Project and other phases related to the Project, as the same may be amended from time to time with the agreement of the World Bank.

13. “Key Biodiversity Areas” or “(KBAs)” means those sites in the territory of the Recipient where unique biodiversity must be conserved, and detailed in the report “Establishing a Baseline to Monitor Species and Key Biodiversity Areas in Belize” (Jan C. Meerman, 2007), within which the Project Sites are located, as further listed in the POM.

14. “Livelihood Restoration Process Framework” means the Livelihood Restoration Process Framework published on October 18, 2013, and revised and re-disclosed on August 1, 2014, acceptable to the World Bank, identifying potential Affected Persons, describing the type of adverse, livelihood-related impacts that project activities could bring about, and establishing a process by which members of potentially affected communities can participate in the design of the project components, determination of measures necessary to achieve resettlement policy objectives, and implementation and monitoring of relevant Project activities, as the same may be amended from time to time with the agreement of the World Bank.

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

16. “Monitoring and Compliance Activities” means the cost associated with the creation and consolidation of the Project Sites, 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 the Project Sites under Part 2 of the Project.

17. “National Biodiversity Monitoring Program” means a program developed by the Environmental Research Institute of the University of Belize, and presented to the Government of the Recipient in March, 2012, the goal of which is to implement a coordinated and standardized monitoring on the status of biodiversity and natural resources.

18. “National Protected Areas System Plan” means the Recipient’s plan of November 2005, prepared to establish a coherent approach to protected area establishment and management on a national scale, as such plan may be updated from time to time with the agreement of the World Bank.

19. “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.

20. “PA Rationalization Exercise” means the assessment conducted by the Recipient to verify the elements of the National Protected Areas System, including the recommendations resulting from said assessment, acceptable to the World Bank, as reflected in the report “Rationalization Exercise of Belize National Protected Areas System of January 2013.”

21. “PIAG” means the project implementing agency group within MFFSD, referred to in Section I, Part B, paragraph 3 of Schedule 2 to this Agreement.

22. “Procurement Plan” means the Recipient’s procurement plan, dated March 13, 2014, and referred to in Section III, Part A, paragraph 1(b) of Schedule 2 to this Agreement.

23. “Project Operational Manual” or “POM” means the operational manual for the Project, dated June 25, 2014, and 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 TAC, 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 arrangements 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 Sub-projects, the eligibility criteria for Beneficiaries in submitting their respective proposals for Sub-projects; the eligibility criteria and detailed procedures for the selection, approval and implementation of Sub-projects; Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project, and the Sub-project activities; and a model Sub-project Implementation Agreement, as the same may be amended from time to time by agreement with the World Bank.

24. “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.
25. "Project Site" means the following areas within KBAs, as further identified as protected areas under the National Protected Areas System Plan: (a) Maya Mountain Forest Reserve (Gazette 1997/114); (b) Fresh Water Creek Forest Reserve (Gazette 1997, revised 2001/66); (c) Columbia River Forest Reserve (Gazette 1997/115); (d) Spanish Creek Wildlife Sanctuary (Gazette 2002/87); (e) Vaca Forest Reserve (Gazette 1997, revised 2003/137 and 2010); and (f) Chiquibul National Park (Gazette 1991/55).

26. "Protected Areas Co-management Organization" means organizations, involved in co-management of Project Sites pursuant to co-management agreements and/or long-term forest licenses, as follows: (a) Corozal Sustainable Future Initiative, a non-governmental organization set up pursuant to Chapter 250 of the Recipient’s Companies Act of 2003; (b) Rancho Dolores Environment and Development Company Limited, a non-governmental organization set up pursuant to Chapter 250 of the Recipient’s Companies Act of 2003; (c) Friends for Conservation and Development, a non-governmental organization set up pursuant to Chapter 250 of the Recipient’s Companies Act of 2003; and (d) any other organization or entity responsible for co-management of a Project Site that may be identified during Project implementation, and acceptable to the World Bank.

27. "Protected Areas Conservation Trust" or "PACT" means the statutory body established and operating pursuant to the Recipient’s Protected Areas Conservation Trust Act.

28. "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.

29. "REDD+" means reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks in developing countries.

30. "Resettlement Action Plan" or "RAP" means any site-specific resettlement plan for the Project, prepared and implemented in accordance with the Resettlement Instruments and the provisions of Section 1.D of Schedule 2 to this Agreement and approved by the World Bank, such resettlement plan to include a program of actions, consultations, measures and policies for compensation and resettlement of the Affected Persons, and setting forth the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on compliance with, such plan.

31. "Resettlement Instruments" means: (a) the Involuntary Resettlement Policy Framework; and (b) the Livelihood Restoration Process Framework, as defined herein.
32. "Safeguard Instruments" means the EMF, the Resettlement Instruments, the IPF, and related EMPs, Resettlement Action Plans and Indigenous Peoples Plans for the Project.

33. "Sub-project" means any community-based activity/investment under Part 1.2 (a) and (b) of the Project, each to be proposed and carried out by a 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.

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

35. "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.

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

37. "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.

38. "Wildlife Act" means the Recipient's Wildlife Protection Act, Chapter 220, revised as of December 21, 2000, as amended from time to time.