Global Environment Facility
Grant Agreement

(Red Sea and Gulf of Aden Strategic Ecosystem Management Project)

between

THE REGIONAL ORGANIZATION FOR THE CONSERVATION OF THE ENVIRONMENT OF THE RED SEA AND GULF OF ADEN (PERSGA)

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(acting as an Implementing Agency of the Global Environment Facility)

Dated November 4, 2013
GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT

AGREEMENT dated November 4, 2013, entered into between:

THE REGIONAL ORGANIZATION FOR THE CONSERVATION OF THE ENVIRONMENT OF THE RED SEA AND GULF OF ADEN ("PERSGA" or "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 objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

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 three million United States Dollars ($3,000,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned 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. An Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following: any action has been taken for the dissolution, disestablishment, suspension of operations, or change in legal character of PERSGA so as to, in the opinion of the World Bank, materially and adversely affect the Recipient’s ability to achieve the objectives of the Project.
Article V
Recipient's Representative; Addresses

5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Secretary General.

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

PERSGA - Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden
PME Building, Hael Street, Rwais District
P.O.Box 53662
Jeddah 21583
Kingdom of Saudi Arabia

Facsimile: 0096626521901

5.03. 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 ______________________, __________________ as of the day and year first above written.

REGIONAL ORGANIZATION FOR THE CONSERVATION OF THE ENVIRONMENT OF THE RED SEA AND GULF OF ADEN

By

Authorized Representative

Name: Prof. Ziad Abu Ghunni
Title: Secretary General

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

By

Authorized Representative

Name: FARRUKH IQBAL
Title: Country Director
SCHEDULE 1
Project Description

The objective of the Project is to improve management of marine resources in the Red Sea and Gulf of Aden in selected Marine Protected Areas building on resource protection and incentive systems for communities and the harmonization of the knowledge base of marine resources among PERSGA member countries.

The Project consists of the following parts:

Part A: Strengthening of Marine Management Concept in Marine Protected Areas

Strengthening of marine management concept in selected Marine Protected Areas to pilot zonation and multiple use approach in a participatory and community-based manner consistent with local communities' needs and benefits through: (i) provision of technical assistance, demonstrations and Training necessary to strengthen the capacity of PERSGA member countries' national authorities as well as of local communities to review, update and implement management plans of selected Marine Protected Areas, and to transition to multiple use of Marine Protected Areas’ resources; and (ii) improving the capacity of PERSGA member countries to share information and select the most appropriate marine protected and/or managed area models based on current capacity and area(s) of comparative advantage and environmental features.

Part B: Strengthening Coastal Communities

Strengthening local communities' capacity to identify, develop and implement Sub-projects aimed at reducing pressure on marine resources and provision of alternative livelihood income in such areas as fish processing, recreational fishing, eco-tourism and small scale aquaculture.

Part C: Regional Environmental and Socioeconomic Monitoring Network

Strengthening Regional Environmental and Socioeconomic Monitoring Network of PERSGA member countries to support ecosystem and community benefits based management, including standardizing parameters and monitoring approaches, making data comparable and sharable and expansion of monitoring to include socio-economic data, especially for fishery and Marine Protected Areas communities.

Part D: Project Management

Strengthening the Recipient’s capacity for Project management, coordination, monitoring and evaluation through provision of goods, consultants’ services, including audit, Training and financing of Travel Costs.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Project Implementation.

1. The Recipient shall maintain the Project Coordination Unit in a form and with functions, staffing and resources satisfactory to the World Bank. The Project Coordination Unit shall be responsible for day to day activities related to Project implementation, including financial management, disbursement, procurement, project reporting, monitoring and evaluation, as well as coordination of Project related activities with respective agencies in PERSGA member countries.

2. The Recipient shall implement the Project in accordance with the PIM and shall not amend, suspend, abrogate, repeal or waive any provision of the PIM without prior approval of the World Bank. In case of any conflict or inconsistency between the provisions of the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall ensure that Sub-projects under Part B of the Project are selected, processed and implemented in accordance with the selection criteria, processing guidelines and implementation requirements set forth in the PIM, and that such Sub-projects do not include the following:

   (a) activities that involve significant conversion or degradation of critical natural habitats and sensitive ecosystems;

   (b) activities that could lead to invasive species spread of or blooming of marine fauna and flora such as algae, crown of thorn, etc.;

   (c) activities that involve use of toxic or hazardous materials;

   (d) activities that could dangerously lead to the exposure of sensitive, critical or vulnerable habitats;

   (e) construction of large new infrastructure within Marine Protected Areas;

   (f) activities that are prohibited according to the respective national legislation or regulations; and

   (g) activities that might result in high negative social impacts such as involuntary resettlement of individuals or households.
B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines").

C. Safeguards

1. The Recipient shall carry out the Project in a timely manner and in accordance with the provisions of the ESMF, the ESMP, and the Process Framework, and shall not amend, suspend, abrogate, repeal or waive any provisions of the ESMF, the ESMP, or the Process Framework, without prior approval of the World Bank.

2. The Recipient shall ensure that for each Marine Protected Area selected as a pilot under Part A of the Project an area specific action plan, satisfactory to the World Bank, is prepared in accordance with the Process Framework not later than 12 months from the date of such selection setting forth remedial measures to redress impacts on local population, and procedures for the resolution of any grievances, caused by any restriction in access to natural resources in the course of the implementation of the Project.

3. The Recipient shall ensure that in those cases when a site specific environmental management plan is required for a Sub-project pursuant to provisions of ESMF such a plan, satisfactory to the World Bank, is prepared and publically disclosed prior to approval of the respective Sub-project to be financed from the proceeds of the Grant.

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. Each Project Report shall cover the period of six months, 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 ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its 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 or any other period as agreed with the World Bank. The audited Financial Statements for each period shall be furnished to the World Bank not later than six months after the end of such period.

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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 (“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 (“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; and (b) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

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 100% (inclusive of Taxes) of Eligible Expenditures consisting of goods, works, non-consultants' services, consultants' services, Training and Travel Costs.

B. Withdrawal Conditions; Withdrawal Period

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

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is January 31, 2018.
APPENDIX
Definitions

1. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework, which includes the ESMP, adopted by the Recipient and disclosed in the World Bank's Infoshop on June 12, 2012, in form and substance satisfactory to the World Bank, describing: (i) the potential environmental and social impacts of the Project; (ii) the mitigation, monitoring and institutional measures to be applied during the implementation of the Project in order to offset or reduce adverse environmental or social impacts and increase its positive impacts, including consultations with relevant stakeholders and disclosure; and (iii) setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental assessments and management plans for Sub-projects under Part B of the Project.

2. "Environmental and Social Management Plan" or "ESMP" means the Environmental and Social Management Plan included in the ESMF, adopted by the Recipient and disclosed in the World Bank's Infoshop on June 12, 2012, in form and substance satisfactory to the World Bank, giving details of measures appropriate or required to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, together with budget and costs estimates, adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, such ESMP, and such term includes any schedules or annexes to said ESMP.

3. "PIM" means the Project Implementation Manual, satisfactory to the World Bank, adopted by the Recipient and setting forth the procedures and requirements for the implementation of the Project, including, among other things, financial management, procurement, disbursement, monitoring and evaluation, environmental and other safeguards arrangements, and reporting arrangements for the Project, as the same may be amended from time to time upon agreement with the World Bank.

4. "PCU" means the Project Coordination Unit established by the Recipient for the purposes of the Project and referred to in paragraph 1 of Section I.A of Schedule 2 of this Agreement.

5. "Process Framework" or "PF" means the Process Framework adopted by the Recipient and disclosed in the World Bank’s Infoshop on May 2, 2012, through which communities living in and around Marine Protected Areas shall participate in determining the restrictions to access to natural resources, the assessment of
the impact of any such restrictions, the determination of remedial measures to redress those impacts on segments of the local population, and the resolution of any grievances, as well as the definition and implementation of a monitoring program to assess the adequacy of any remedial measure in form and substance satisfactory to the World Bank, defining the principles, organizational arrangements and design criteria to be applied in case the Project activities would cause any restriction in access to natural resources in the course of the implementation of the Project, as the same shall be updated from time to time in agreement with the World Bank.

6. "Sub-projects" means sub-projects selected for implementation under Part B of the Project in accordance with the selection criteria, processing guidelines and implementation requirements set forth in the PIM and referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement.

7. "Training" means Project related study tours, training courses, seminars, workshops and other training activities, not included under service providers' contracts, including costs of training materials, facilities and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers' fees, and other training related miscellaneous costs.

8. "Travel Costs" means Project related travel expenditures of the Project focal points, national coordinators and National Steering Committees' members within their respective PERSGA member country.