OFFICIAL DOCUMENTS

GRANT NUMBER D1720

Financing Agreement

(Second Project under Phase 1 of the South West Indian Ocean Fisheries Governance and Shared Growth Program – Madagascar)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INDIAN OCEAN COMMISSION

Dated 30th May, 2017
FINANCING AGREEMENT

AGREEMENT dated 20/4/2017, entered into between the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the INDIAN OCEAN COMMISSION ("Recipient" or "IOC", as further defined in Section I of the Appendix to this Agreement).

WHEREAS: (A) the Association, by extending financial assistance in 2015 to the Republic of Mozambique, the Union of Comoros, the United Republic of Tanzania and the Recipient, has provided support to precedent activities to the first projects under the first phase of the South West Indian Ocean Fisheries Governance and Shared Growth Program ("Program"), which aims at ensuring conditions for achieving rational exploitation of fish resources for constant stock regeneration and high productivity;

(B) the Recipient, having satisfied itself as to the feasibility and priority of the project ("Project", as described in Schedule I hereto) under the first phase of the Program, has requested the Association to assist in the financing of the Project;

(C) by a financing agreement dated April 20, 2017, entered into between the Republic of Madagascar ("Participating Country") and the Association ("Participating Country Financing Agreement", as further defined in Section I of the Appendix to this Agreement), the Association has extended to the Participating Country a credit in an amount equivalent to forty-seven million nine hundred thousand Special Drawing Rights (SDR 47,900,000) to assist the Participating Country in financing part of the cost of activities related to the Project on the terms and conditions set forth in the Participating Country Financing Agreement;

(D) the International Bank for Reconstruction and Development ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF"), will make available financial assistance to the Participating Country under the GEF in an amount not exceeding six million four hundred twenty-two thousand eighteen dollars ($6,422,018) ("GEF Co-financing", as further defined in Section I of the Appendix to this Agreement) to assist the Participating Country in financing part of the cost of Parts 2.1 (ii), 2.2 (ii) and 2.3 (iii) of the Project on the terms and conditions set forth in the co-financing agreement dated April 20, 2017, between the Participating Country and the World Bank, acting as implementing agency of the GEF ("GEF Co-financing Agreement", as further defined in Section I of the Appendix to this Agreement);

(E) The Ministry of Finance of Japan will make available financial assistance to the Participating Country under the Policy and Human Resources Development Fund ("PHRD") in an amount not exceeding two million seven hundred thirty thousand dollars ($2,730,000) ("PHRD Co-financing", as further defined in Section I of the Appendix to this Agreement) to assist the Participating Country in financing part of the cost of
Part 3.4 (iii) of the Project on the terms and conditions set forth in the co-financing agreement dated April 20, 2017, between the Participating Country and the World Bank, acting as administrator of the PHRD ("PHRD Co-financing Agreement", as further defined in Section I of the Appendix to this Agreement); and

WHEREAS the Association has also agreed, on the basis, *inter alia*, of the foregoing, to extend the grant provided for in Article II of this Agreement to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Association and the Recipient hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

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

**ARTICLE II — GRANT**

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to six million seven hundred thousand Special Drawing Rights (SDR 6,700,000) ("Grant"), to assist in financing Parts 1 and 4.1 of the Project.

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

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Grant Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are January 15 and July 15 in each year.

2.05. The Payment Currency is the Dollar.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out Parts 1 and 4.1 of the Project in accordance with the provisions of Article IV of the General Conditions.
3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Association and the Recipient shall otherwise agree, the Recipient shall ensure that Parts I and 4.1 of the Project are carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) The Participating Country Financing Agreement shall have failed to become effective by December 31, 2017.

(b) The Association has suspended in whole or in part the right of the Participating Country to make withdrawals under the Participating Country Financing Agreement.

(c) The IOC Enabling Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreements is December 31, 2017.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Recipient shall have adopted the Regional Project Operational Manual in form and substance satisfactory to the Association.

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

5.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Association’s Address is:

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

   Telex: 248423
   Facsimile: (1) 202-477-6391

6.03. The Recipient’s Address is:

   Indian Ocean Commission
   Blue Tower
   3rd Floor
   Rue de L’Institut
   Ebène
   Republic of Mauritius

   Facsimile:

   (230) 465-6798
AGREED at Ebène, 30th May 20___, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Authorized Representative

Name: MARK LUNDELL
Title: COUNTRY DIRECTOR

INDIAN OCEAN COMMISSION

By:

Authorized Representative

Name: MAHDI HAMADA
Title: SECRETARY GENERAL
SCHEDULE 1

Project Description

The objective of the Project is to improve the management of selected fisheries at regional, national and community levels and to increase access by targeted fishers to alternative livelihood activities.

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

Part 1: Enhanced Regional Collaboration

Carrying out by the Recipient of a regional collaboration program designed to support: (i) the implementation of the IOTC’s resolutions in the South West Indian Ocean countries enhancing their compliance with their international fisheries obligations; (ii) the coordination among the African and Indian Ocean Developing Island States for collaborating and sharing their own experiences to address some of their specific challenges; and (iii) the Fédération des Pêcheurs Artisans de l'Ocean Indien, as follows:

1. Indian Ocean Tuna Commission

Strengthening the regional coordination in the SWIO by targeting the management of tuna and tuna-like species in the IOTC, and encompassing the provision of consultants’ services, non-consulting services, training, workshops and equipment and the financing of Operating Costs required to implement a set of measures aimed to ensure the participation of SWIOFC countries in the IOTC forum and enhance their compliance with their international fisheries obligations under the IOTC for sustainable tuna fisheries management, and which include: (i) strengthening the capacity of the IOTC Secretariat with long-term technical/administrative and support staff; (ii) carrying out of sessions, intersessional meetings and studies to inform the Working Parties and Working Groups within the IOTC and to strengthen beneficiary countries capacity for compliance; (iii) reinforcement of compliance with IOTC’s resolutions in the SWIO beneficiary countries, including strengthening the compliance missions on conservation management measures, the delivery of workshops and training, the development of guidelines and a compendium, the transposition of IOTC’s resolutions into national legislation, the development of an information system, the creation of a logbook system, and the promotion of awareness on IOTC’s processes and conservation management measures; (iv) strengthening of flag state performance by beneficiary countries through a better understanding and implementation of their obligations; (v) strengthening of the implementation by port states of measures to fight against illegal, unreported and unregulated fishing, through the required administrative and operational support underpinning, delivery of regional training for both national interagency and regional cooperation, the
development and improvement of an electronic application and the training of coastal countries in its use, promotion of awareness and provision of legal support; and (viii) strengthening of the IOTC’s capacity for monitoring of tuna and tuna-like fisheries, including the production of a best-practice manual and related guidelines and technical assistance for implementation of newly adopted IOTC’s resolutions.

2. **African and Indian Ocean Developing Island States (AIODIS)**

Strengthening the collaboration and sharing of experience among the AIODIS with a view to address some of their specific challenges for improving the sustainable management of their maritime territory, innovating and developing their blue economy in the context of climate change, and collaboratively mobilizing financing for addressing such challenges, and encompassing the provision of consultants’ services, non-consulting services, training, workshops and the financing of Operating Costs required for: (i) the organization of high-levels meetings to discuss specific challenges and issues of regional interest; (ii) the creation and exchange of knowledge; (iii) the mobilization of expertise to prepare proposals for improving sustainable management of maritime territories and developing the maritime economy; and (iv) hosting the AIODIS’ Secretariat in the Recipient, the meetings of the AIODIS’ Secretariat, and the publication and dissemination of its materials.

3. **Indian Ocean Federation of Artisanal Fishers (FPAOI)**

Reinforcement of the *Fédération des Pêcheurs Artisans de l’Océan Indien* with a view to facilitate and increase its coordination capacity, strengthen the participation of the artisanal fisher associations in the SWIO region in the regional and international fora as well as support the design of more inclusive policies and management, through the provision of consultants’ services, training, and apprenticeships and other similar learning opportunities, as required for: (i) the strengthening of capacity of the FPAOI’s Secretariat; (ii) the holding out of statutory meetings and carrying out of regional consultations; (iii) the participation of the FPAOI in regional and international key events, in particular regional fisheries bodies’ meetings; and (iv) a fisher exchange program among participating national fishers’ organizations.

**Part 2: Strengthening Capacities for Priority Fisheries Management**

Carrying out by the Participating Country of a program targeted at policies, strategies, institutions, legal frameworks and actions by the public sector which are necessary to improve priority fisheries management and performance and support regional marine environmental health and resilience to climate change, including the provision of works, goods and equipment, consultants’ services, non-consulting services, training and workshops, and the financing of Operating Costs as follows:
1. **Fisheries Public Policy**

Reinforcement of the Participating Country’s administration capacity to develop fisheries management instruments, through: (i) the improvement of the legal and institutional framework, encompassing the updating of strategies, the preparation of the second phase of the Program, and the strengthening of the legal basis and governance system for resources access and for sustainability of state functions with regard to income and expenditures; (ii) the development of the statistical and information systems, including on economic sector performance, by means of data collection, quality control, entry, processing, analysis and dissemination; (iii) the promotion of applied research on the priority fisheries, including direct or indirect stock management; (iv) the development of information, communication and awareness campaigns; (v) the strengthening of the central administration capacity through the rehabilitation and equipping of buildings, operational support, and the carrying out of institutional reviews; (vi) the enhancement of coordination among the relevant Participating Country’s ministries in charge of fisheries, environment and the seas with a view to promote seascape level coordination of biodiversity and priority management in the Target Areas; and (vii) the strengthening the sanitary competent authority for/in ensuring proper control and certification of seafood products.

2. **Sustainable Management of Fisheries and Conservation of Resources**

Strengthening of the management of fisheries at both the national and local levels and enforcement of the compliance with the fisheries management plans and regulations by the Centre de Surveillance des Pêches, encompassing: (i) the development and/or update and implementation of the Participating Country’s fisheries management plans, including the organizational restructuring of the USTA and the implementation of measures under the national tuna management strategy; (ii) the construction and/or rehabilitation and equipping of surveillance centers and provision of cars and small coastal patrol vessels and carrying out of feasibility studies as required therefor; and (iii) surveillance activities, through the implementation of strategic plans, maintenance of patrol vessels, and capacity building activities as required for the carrying out of terrestrial, aerial and maritime patrols, and the establishment/reinforcement of an observer program, a vessel monitoring system and an electronic reporting system.

3. **Strengthening Deconcentration**

Organizing the MRHP with the tools necessary to engage local communities in the management agenda using adequate tools to take decisions on the ground, encompassing: (i) the carrying out of study for designing and developing the co-management system and platforms for specific fisheries and value chains, and delivery of workshops for concertation and co-management units and platforms’ meetings; and (ii) the strengthening of the deconcentrated administration capacity,
through the rehabilitation and equipping of buildings, acquisition and the carrying out of institutional reviews and studies.

**Part 3: Strengthening Capacities for Engaging in Alternative Fishing Practices and Livelihoods Activities**

Carrying out by the Participating Country of a program aimed to put in place the measures identified under the fisheries management plans in force in the Target Areas or developed under Part 2.2 (i) hereof so as to ensure acceptance and adhesion to said fisheries management plans by targeted communities, and consisting of the following:

1. **Short-term Compensatory Measures**

Carrying out of a program to support stakeholders affected during the initial implementation of the fisheries management plans to compensate for the loss of access to resources and revenues, including the financing of Financial Transfers and associated training and Operating Costs, the undertaking of studies, the delivery of workshops and dissemination activities to inform the targeted populations, and the implementation of annual survey of beneficiaries.

2. **Promoting Good Practices and Alternative Activities**

Development of good practices in fisheries for sustainability and value added increase and for security-at-sea for fishers and promotion of alternative activities, including for women’s groups to develop these business opportunities and the entire value chain, and encompassing the provisions of works, goods and equipment, training and workshops and the financing of Operating Costs required for: (i) the professionalization of fishers and value chains’ operators through the design of improved fishing units, conservation system, processing equipment and practices, pilot testing, and dissemination of good practices in value chain’s activities and knowledge exchanges programs, market study, value chain analysis and commercial fairs for products promotion; (ii) the promotion of safety-at-sea through reinforced awareness, tailored training, and design of improved vessels and building practices, small vessels upgrade, security equipment, practices testing, dissemination, use monitoring, the updating of national legislation, the carrying out of surveys and knowledge exchange programs; (iii) the elaboration of action plans for measures to assist persons affected by restriction of access to fish resources and revenues, diagnostic for identifying opportunities for economic diversification and engagement in alternative livelihoods consisting of vocational training or job placement in seafood handling, processing and marketing, aquaculture, non-seafood sector-related activities, provision of small equipment and community work; and (iv) the facilitation of access to finance through the carrying out of studies, training and workshops, dissemination and awareness activities, financial education and assistance in the process of submission of credit applications to micro-finance institutions and banks, knowledge exchange and
support to financial self-help groups.

3. **Strengthening Local Participatory Strategic Planning**

Carrying out of a program to underpin the local participatory planning, including:
(i) the employment of executing agencies (firms or non-governmental organizations) in priority areas to work close to the communities involved in the implementation of management plans with the aim of assisting in driving the participatory planning process and implementing of the Project locally;
(ii) capacity building activities for the benefit of the local elected-members and personnel of the local government (communes and Fonkontany); and (iii) the development or updating, as the case may be, of municipal and local development plans for suitable investment planning.

4. **Infrastructure in Support of Community and Sectors Developments**

Carrying out of a comprehensive infrastructure program encompassing the provision of works, goods and equipment, consultants’ services, non-consulting services, training, and workshops and the financing of Operating Costs as necessary for: (i) the construction of infrastructure for the benefit of the fisheries sector operators, and implementation of feasibility studies, consultation, work monitoring and training; (ii) the construction of community/communal infrastructures, and the carrying out of feasibility studies, consultation, work monitoring and training; and (iii) the access to off-grid energy, through the installation, operation and maintenance of off-grid electrification equipment and off-grid energy services to rural fishing communities to support increased productivity and the pre-electrification strategy, the carrying out of pilots for testing equipment for better management, enforcement and monitoring, and safety-at-sea in the fisheries sector, and the provision of technical assistance to encourage knowledge transfer, develop local skills, and create partnerships among stakeholders to help develop and establish the use of innovative, sustainable, and renewable forms of energy for priority fishery communities.

**Part 4: Project Management and Coordination**

1. **Project Management at the Regional Level**

Strengthening of the Recipient in its delivery of the management and coordination functions of the Project at the regional level, in particular its Finance and Procurement Unit in the administration of Project funds and related fiduciary aspects, and including the provision of consultants’ services, goods and equipment and training and the financing of Operating Costs required for monitoring and evaluation, the carrying out of audits, the preparation of mid-term and final evaluation reports, and the core operational functions.
2. **Project Management at the National Level**

Strengthening of the National Implementation Unit, the Local Implementation Units and the National Steering Committee in their delivery of the management and coordination functions of the Project at the national level, and including the provision of consultants’ services, goods and equipment, and training and the financing of Operating Costs required for monitoring and evaluation, the carrying out of audits, the preparation of mid-term and final evaluation reports, and the core operational functions.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Regional Implementation Unit

The Recipient shall maintain the RIU throughout Project implementation under terms of reference and supported by qualified and experience staff in adequate numbers, all satisfactory to the Association. The RIU shall be generally responsible for the implementation and coordination of Parts 1 and 4.1 of the Project and shall liaise and collaborate with the governance body of each institution benefitting of the activities under Part 1 of the Project for purposes of integrating implementation of Part 1 of the Project. The RIU shall be headed at all times by an IOC officer-in-charge assisted by a Regional Project Coordinator and shall comprise a Finance and Procurement Unit (FPU) responsible for financial management and procurement, a Monitoring and Evaluation Unit, and auditing staff. The FPU shall be responsible for the administration of the Grant and all the related fiduciary aspects, for providing technical assistance and backstopping to the national implementing agencies on fiduciary aspects and for the preparation of AWP&Bs in accordance with the provisions of Section I.E of this Schedule.

B. Anti-Corruption

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

C. Safeguards

I. Environmental, Social and Process Frameworks

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the ESMF and/or PF, as the case may, and each of the ESMP, ESIA, and/or the Plan of Action, as the case may be, in a manner satisfactory to the Association, and that none of the provisions of the aforementioned documents is amended or waived without the prior written agreement of the Association.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall cooperate with the Participating Country as required to collect, compile and furnish to the Association on a quarterly basis reports on the status of compliance with the ESMF, PF and any ESIA, any ESMP, and/or any PA, as the case may be, giving details of:
(a) measures taken in furtherance of the ESMF and PA and any of the ESIA, ESMP and/or PA, as the case may be, that has been prepared;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESIA, ESMP and/or PA, as the case may be; and

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

3. The Recipient shall cooperate with the Participating Country, as required, to ensure that all remedial measures referred to in paragraph 2 of this Section C, as shall have been agreed by the Association, are promptly taken.

II. Restrictions on Fishing Grounds under the Project

1. The Recipient shall take all action necessary on its behalf to cooperate with the Participating Country as required to ensure the PA is carried out with due diligence and efficiency and at all times ensure that, during Project implementation, no restriction to access to fishing grounds under the Project is enforced until and unless the Association shall have approved the site-specific PA.

D. Training

For the purposes of the training to be provided under Parts 1 and 4.1 of the Project and to be delivered through study tours, workshops and conferences, the Recipient shall:

(a) furnish to the Association for its approval, not later than November 30 of each year, a training program including an explanation of how such training is consistent and conducive to the objective of the Project, and whether it offers the best price/quality ratio, as well as the schedule for its implementation;

(b) select the trainees in accordance with a transparent process and criteria satisfactory to the Association; and

(c) furnish to the Association a report of such scope and detail as the Association shall reasonably request, on the results of each training and the benefits to be derived therefrom.

E. Regional Project Operational Manual

The Recipient shall: (i) take all action required to carry out Parts 1 and 4.1 of the Project in accordance with the provisions and requirements set forth or referred to in the Regional Project Operational Manual; (ii) submit recommendations to the Association for its consideration for changes and updates of the Regional Project
Operational Manual as they may become necessary or advisable during Project implementation in order to achieve the objective of Parts 1 and 4.1 of the Project; and (iii) not assign, amend, abrogate or waive the Regional Project Operational Manual or any of its provisions without the Association’s prior agreement. Notwithstanding the foregoing, if any of the provisions of the Regional Project Operational Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail and govern.

F. Annual Work Plans and Budgets

1. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not later than November 30 in each calendar year, for the Association’s consideration, a proposed work plan of activities to be included under Parts 1 and 4.1 of the Project for the following calendar year, such plan to include an implementation schedule and budget and financing plan therefor.

2. The Recipient shall afford the Association a reasonable opportunity to review and exchange views with the Recipient on such proposed plan and, thereafter, shall implement with due diligence and efficiency such work plan as shall have been approved by the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project and Completion Reports

1. The Recipient shall monitor and evaluate the progress of Parts 1 and 4.1 of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the Regional Monitoring and Evaluation Indicators. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than four (4) months after the Closing Date.

B. Mid-Term Review

The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Regional Monitoring and Evaluation Indicators, the carrying out of Parts 1 and 4.1 of the Project and the achievement of the objective thereof;
(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about July 31, 2020, a report integrating the results of the monitoring and evaluation activities and setting out the measures recommended to ensure the efficient carrying out of Parts 1 and 4.1 of Project and the achievement of the objective thereof during the period following such date; and

(c) review with the Association, on or about September 30, 2020, or such later date as the Association shall request, the report referred to in the preceding paragraph (b), and, thereafter, take all measures required to ensure the efficient completion of Parts 1 and 4.1 of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Association’s views on the matter.

C. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year of the Recipient, commencing with the Fiscal Year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods and Non-Consulting Services. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the
requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods and Non-Consulting Services**

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

2. **Other Methods of Procurement of Goods and Non-Consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (i) Shopping; and (ii) Direct Contracting.

C. **Particular Methods of Procurement of Consultants' Services**

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

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (i) Quality-based Selection; (ii) Selection under a Fixed Budget; (iii) Least Cost Selection; (iv) Selection based on Consultants' Qualifications; (v) Single-source Selection of consulting firms; (vi) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (vii) Single-source procedures for the Selection of Individual Consultants and (viii) Selection from United Nations Agencies.

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.
Section IV. Withdrawal of the Proceeds of the Grant

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the 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 SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, training, workshops and Operating Costs under Parts 1 and 4.1 of the Project</td>
<td>5,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>800,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>6,700,000</td>
<td></td>
</tr>
</tbody>
</table>

3. For the purposes of this table:

(a) the term “training” means expenditures incurred by the Recipient to finance the cost under Parts 1 and 4.1 of the Project of: (i) the training received or provided in the territory of the Republic of Mauritius or abroad, including its fees and the pedagogical materials; and (ii) the travel, accommodations, per diem and insurance for the training received or provided outside the Recipient’s territory as well as study tours inside the Recipient’s territory or abroad; and
(b) the term "workshop" means expenditures incurred by the Recipient to finance the cost under Parts 1 and 4.1 of the Project of: (i) workshops organized in the territory of the Republic of Mauritius or abroad, including fees, meeting rooms, and equipment rental and materials; and (ii) the travel, accommodations, per diem, loss of revenue compensation and insurance for the participants to the workshops organized in the territory of the Republic of Mauritius or abroad.

B. Withdrawal Conditions; Withdrawal Period

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

2. The Closing Date is September 29, 2023.
APPENDIX

Section I. Definitions

1. “African and Indian Ocean Developing Island States” or “AIODIS” means the states of the Republic of Cabo Verde, the Republic of Guinea-Bissau, the Democratic Republic of São Tomé & Príncipe, the Union of Comoros, the Republic of Mauritius, the Participating Country, the Republic of Maldives and the Republic of Seychelles.

2. “Annual Work Plans and Budgets” means the annual work plans and budgets for Parts 1 and 4.1 of the Project approved by the Association in accordance with the provisions of Section I.F of Schedule 2 to this Agreement and “Annual Work Plan and Budget” means any of the Annual Work Plans and Budgets.


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

5. “Centre de Surveillance des Pêches” or “CSP” means the Participating Country’s Fisheries Monitoring Center within the MRHP (as hereinafter defined).


7. “Co-financing” means, for purposes of paragraph 11 of the Appendix to the General Conditions, individually and/or collectively, the GEF Co-financing (as hereinafter defined) and/or the PHRD Co-financing (as hereinafter defined).

8. “Co-financing Agreement” means, individually and/or collectively, the GEF Co-financing Agreement (as hereinafter defined) and the PHRD Co-financing Agreement (as hereinafter defined).


10. “Displaced Person” means a person who as a result of the involuntary restriction of access to fishing grounds suffers adverse impacts on his or her livelihood.

11. “Environmental and Social Impact Assessment” and “ESIA” means a site-specific report, to be prepared by the Participating Country in accordance with the
parameters laid down in the ESMF (as hereinafter defined) and acceptable to the Association, identifying and assessing the potential environmental and social impacts of the activities to be undertaken under the Project, evaluating alternatives, and designing appropriate mitigation, management, and monitoring measures.

12. “Environmental and Social Management Framework” or “ESMF” means, each, the environmental and social safeguards framework adopted by the Participating Country on November 7, 2016, and disclosed both in-country and in the Association’s Infoshop on December 9, 2016, which: (i) sets forth the standards, methods and procedures specifying how activities under the Project whose location, number and scale are presently unknown shall systematically address environmental, social and waste issues in the screening and categorization, siting, design, implementation and monitoring phases during Project implementation; (ii) systematizes the environmental and social impact assessments, be they limited impact assessments or full impact assessments, required for such activities before Project execution; and (iii) stipulates the procedures to be used for the preparation and approval of a site-specific Environmental and Social Management Plan (as hereinafter defined) and/or Environmental and Social Impact Assessment for any site where there exists environmental and social waste management issues of a type and scale sufficient to trigger safeguards concerns.

13. “Environmental and Social Management Plan” or “ESMP” means, each, a site-specific environmental and social management plan to be prepared by the Participating Country in accordance with the parameters laid down in the ESMF and acceptable to the Association, setting forth a set of mitigation, monitoring, and institutional measures to be taken during the implementation and operation of the activities under the Project to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, and including the actions needed to implement these measures.

14. “Fédération des Pêcheurs Artisans de l’Océan Indien” or “FPAOI” means the Indian Ocean Federation of Artisanal Fishers, the organization created in 2015 with the five member countries of the IOC to help protect the cultural values and the lifestyle of artisanal fishers.

15. “Financial Transfer” means the expenditures incurred to finance the cost of the cash payment to be provided under Part 3.1 of the Project to a fisheries worker falling under one of the eligible categories stipulated in the Regional Project Operational Manual (as hereinafter defined) and who has lost his/her employment.

16. “Fiscal Year” or “FY” means the twelve (12) month period corresponding to any of the Recipient’s fiscal years, which period commences on January 1 and ends on December 31 in each calendar year.
17. “Fonkontany” means the Participating Country’s smallest administrative subdivision, below the commune.

18. “GEF Co-financing” means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount not exceeding six million four hundred twenty-two thousand eighteen Dollars ($6,422,018) to be provided by the International Bank for Reconstruction and Development, acting as an implementing agency of the Global Environment Facility, to assist in financing part of the cost of Parts 2.1 (ii), 2.2 (ii) and 2.2 (iii) of the Project.


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

21. “Indian Ocean Commission” or “IOC” means the Commission de l'Océan Indien, an intergovernmental organization composed of five African Indian Ocean nations: the Union of Comoros, the Republic of France (through the French department of La Reunion located in the Indian Ocean), the Participating Country, the Republic of Mauritius and the Republic of Seychelles, and whose principal mission is to strengthen the ties of friendship between the countries and to be a platform of solidarity for the entire population of the African Indian Ocean region.

22. “Indian Ocean Tuna Commission” or “IOTC” means the intergovernmental organization responsible for the management of tuna and tuna-like species in the Indian Ocean, whose objective is to promote cooperation among the Contracting Parties (Members) and Cooperating Non-Contracting Parties of the IOTC with a view to ensuring, through appropriate management, the conservation and optimum utilization of stocks covered by the organization’s establishing Agreement and encouraging sustainable development of fisheries based on such stocks.


24. “Ministry of Aquatic Resources and Fisheries” and “MRHP” means the Participating Country’s Ministère des Ressources Halieutiques et de la Pêche.
25. "Operating Costs" means incremental recurrent expenditures incurred on account of implementation of Parts 1 and 4.1 of the Project, including local contractual support staff salaries, employment benefits, travel expenditures and other travel-related allowances; equipment rental and maintenance; vehicle operation (including fuel), maintenance and repair; office rental and maintenance, materials and supplies; and utilities, media information campaigns and communications' expenses, but excluding the salaries of officials and public servants of the Participating Country's civil service, and excluding the costs of any criminal investigation, prosecution, proceedings or other forms of criminal enforcement, which Operating Costs are hereby deemed an Eligible Expenditure for purposes of Section 2.05 of the General Conditions.

26. "Participating Country Financing Agreement" means the financing agreement for the Project between the Republic of Madagascar and the Association, dated April 20, 2017, as such financing agreement may be amended from time to time. "Participating Country Financing Agreement" includes all appendices, schedules and agreements supplemental to the Participating Country Financing Agreement.

27. "PHRD Co-financing" means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount not exceeding two million seven hundred thirty thousand Dollars ($2,730,000) to be provided by the World Bank, acting as administrator of the PHRD, to assist in financing part of the cost of Part 3.4 (iii) of the Project.


29. "Plan of Action" or "PA" means a plan of action, acceptable to the Association, to be prepared by the Recipient, in accordance with the parameters laid down in the Process Framework (as hereinafter defined), during Project implementation and before to enforcing any involuntary restriction of access to fishing grounds under the Project and resulting in adverse impacts on the livelihoods of the Displaced Persons, and describing the specific measures to be undertaken by the Recipient to assist the displaced persons and the arrangements for their implementation.

30. "Preparation Advance" means the advance No. V050 referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on October 27, 2016, and on behalf of the Recipient on November 23, 2016.

31. "Process Framework" or "PF" means, each, the framework adopted by the Participating Country on November 7, 2016, and disclosed both in-country and in the Association's Infoshop on December 9, 2016, setting forth the participatory
process to be followed for the determination of any restrictions of access to fishing grounds under the Project, the nature of the restrictions, the measures necessary to mitigate adverse impacts, and a description of the arrangements for implementing and monitoring the said process, and by which: (i) specific components of the Project will be prepared and implemented; (ii) the criteria for eligibility of Displaced Persons will be determined; (iii) the measures to assist the Displaced Persons in their efforts to improve their livelihoods, or at least to restore them, in real terms, while maintaining the sustainability of fishing grounds, will be identified; and (iv) potential conflicts involving Displaced Persons will be resolved.


33. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 2, 2017, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

34. “Regional Monitoring and Evaluation Indicators” means the agreed monitoring and evaluation indicators set forth in the Regional Project Operational Manual (as hereinafter defined) to be utilized by the Recipient to measure the progress in the implementation of Parts 1 and 4.1 of the Project and the degree to which the objective thereof is being achieved.

35. “Regional Project Operational Manual” means the manual to be adopted by the Recipient setting forth the detailed implementation arrangements for Parts 1 and 4.1 the Project, including the administrative, financial and fiduciary procedures and rules therefore, as same may be amended from time to time with the agreement of the Association.

36. “Surveillance Costs” means the expenditures incurred to finance the cost associated with the surveillance activities of the Recipient’s fisheries to be undertaken by, or on behalf of, the Recipient under Part 2.2 (ii) and 2.2 (iii) of the Project, and which includes the cost, inter alia, of maritime vessel surveillance, of lease (with the option to purchase) of vessels for the purposes of carrying out surveillance, and of aerial patrols over the Recipient’s waters.

37. “SWIO” means the South West Indian Ocean.

38. “South West Indian Ocean Fisheries Commission” or “SWIOFC” means the body established in 2004 by Resolution 1/127 of the FAO Council under Article VII of the FAO Constitution, composed of the Union of Comoros, Republic of France, the Republic of Kenya, the Republic of Madagascar, the Republic of the Maldives,
the Republic of Mauritius, the Republic of Mozambique, the Republic of
Seychelles, the Somali Republic, the Republic of South Africa, United Republic
of Tanzania and the Republic of Yemen), and whose objective is to promote the
sustainable utilization of the living marine resources of the Southwest Indian
Ocean region, by the proper management and development of the living marine
resources, and to address common problems of fisheries management and
development faced by its members without prejudice to the sovereign rights of
coastal States.

39. “Target Area” means any of the Participating Country’s areas where Part 3.3 of
the Project may be carried out and that have been identified under the Participating
Country’s National Plan as strategic regions for fisheries and potential fisheries
growth poles, and include the Ambaro- Amapindava Bay in the DIANA region,
the Antongil Bay in the Analanjirofo region, the Melaky region, the Androy region
and the Atsimo-Atsinanana region; and “Target Areas” means collectively more
than one Target Area.

40. “Tuna Statistic Unit” or “USTA” means the Participating Country’s Unité
Statistique Thonière d’Antsiranana in charge of collecting tuna-related statistics
and information.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 2.06 is modified to read as follows:

“Section 2.06. Financing Taxes

The use of any proceeds of the Grant to pay for Taxes levied by, or in the
territory of, the Member Country on or in respect of Eligible Expenditures, or on
their importation, manufacture, procurement or supply, if permitted by the
Financing Agreement, is subject to the Association’s policy of requiring economy
and efficiency in the use of the proceeds of its credits and grants. To that end, if
the Association at any time determines that the amount of any such Tax is
excessive, or that such Tax is discriminatory or otherwise unreasonable, the
Association may, by notice to the Recipient, adjust the percentage of such Eligible
Expenditures to be financed out of the proceeds of the Grant specified in the
Financing Agreement, as required to ensure consistency with such policy of the
Association.”

2. Sections 3.03, 3.04 and 3.08 are deleted in their entirety, and
Sections 3.05, 3.06, 3.07, 3.09 and 3.10 are re-numbered, respectively, as Sections
3.03, 3.04, 3.05, 3.06 and 3.07.
3. Paragraphs (b) and (c) of the newly re-numbered Section 3.07 are modified to read as follows:

“(b) All Financing Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Member Country, and without deduction for, and free from, any Taxes levied by, or in the territory of, the Member Country.

(c) The Legal Agreements shall be free from any Taxes levied by, or in the territory of the Member Country, or in connection with their execution, delivery or registration.”

4. In Section 4.11, paragraph (a) is modified to reads as follows:

“Section 4.11. Visits

“(a) The Recipient shall take all action necessary or useful to ensure that the Member Country affords all reasonable opportunity for representatives of the Association to visit any part of their territories for purposes related to the Grant or the Project.”

5. Section 5.01 is deleted in its entirety.

6. Section 6.02 is modified as follows:

(a) Paragraph (j) on Membership is modified to read as follows:

(j) Membership. The Member Country or any member of the Recipient: (i) has been suspended from membership in or ceased to be a member of the Association; or (ii) has ceased to be a member of the International Monetary Fund.”

(b) Paragraph (m) is renumbered as paragraph (n), and a new paragraph (m) is added to read as follows:

“(m) Interference. The Member Country: (i) has taken or permitted to be taken any action which would prevent or interfere with the execution of the Project or the performance by the Recipient of its obligations under the Financing Agreement; or (ii) has failed to afford a reasonable opportunity for representatives of the Association to visit any part of its territory for purposes relating to Grant or the Project.”

7. Paragraph (a) of Section 8.01 is modified to read as follows:

“(a) The execution and delivery of each Legal Agreement on behalf of the Recipient which is a party to such Legal Agreement have been duly authorized by all necessary corporate action.”
8. The Appendix (Definitions) is modified as follows:

(a) Paragraph 29 is modified to read as follows:

"29. "Foreign Expenditure" means an expenditure in the Currency of any country other than the Member Country for goods, works or services supplied from the territory of any country other than the Member Country."

(b) Paragraph 33 is modified to read as follows:

"33. "Local Expenditure" means an expenditure: (a) in the Currency of the Member Country; or (b) for goods, works or services supplied from the territory of the Member Country; provided, however, that if the Currency of the Member Country is also that of another country from the territory of which goods, works or services are supplied, an expenditure in such Currency for such goods, works or services shall be deemed to be a Foreign Expenditure."

(c) A new paragraph 34 with the definition of Member Country is added to read as follows, and the subsequent paragraphs are renumbered accordingly:

"34. "Member Country" means the member of the Association in whose territory the Project is carried out or any such member’s political or administrative subdivisions. If such activity is carried out in the territory of more than one such member, "Member Country" refers separately to each such member."

(d) Renumbered paragraph 46 is modified to read as follows:

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