Global Environment Facility Trust Fund and Cooperation in International Waters in Africa Trust Fund

Grant Agreement
(Sustainable Groundwater Management in SADC Member States Project)

between

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

INTERNATIONAL DEVELOPMENT ASSOCIATION acting as Administrator of the Cooperation in International Waters in Africa Trust Fund

and

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

Dated January 15, 2015
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. To this end, the Recipient shall cause the Project to be carried out by the University of the Free State ("Project Implementing Entity") in accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time ("Project 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) a grant in an amount equal to eight million two hundred thousand United States Dollars ($8,200,000) ("GEF Grant"); and (b) a grant in an amount equal to two million United States Dollars ($2,000,000) ("CIWA Grant"), all to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the GEF Grant and the CIWA Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The GEF Grant and CIWA Grant, respectively, are funded out of the abovementioned GEF Trust Fund and CIWA Trust Fund, for which the World Bank receives periodic contributions from the donors to the respective 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 respective donors under any of the abovementioned trust funds, and the Recipient's right to withdraw the GEF Grant or the CIWA 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 consists of the following:
(a) the SADC Instruments 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.

(b) Higher Education Act No.101 of 1997 of the laws of the Republic of South Africa, pursuant to which the Project Implementing Entity has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(c) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Project Implementing Entity will be able to perform its obligations under the Project Agreement.

(d) 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.

(e) Any of the SADC Member States has failed to afford a reasonable opportunity for representatives of the World Bank to visit any part of its territory for the purposes related to the Project.

**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 following conditions have been satisfied:

(a) The Subsidiary Agreement has been executed and delivered on behalf of the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

(b) The Recipient has prepared and adopted, the Project Implementation Manual, in form and substance satisfactory to the World Bank.
5.02. As part of the evidence to be furnished pursuant to Section 5.01 immediately above, 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 matter, namely, that on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Recipient and is legally binding upon it 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 GEF Grant Account or the CIWA 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 date for the purpose of this Section. 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 the Executive Secretary of the Recipient.

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

Southern African Development Community Secretariat
SADC Headquarters
Plot 54385 CBD
Gaborone
Botswana

Facsimile:
(267) 3972848
(267) 3181070
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 Washington D.C., United States and at Gaborone, Republic of Botswana, as of the day and year first above written.

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

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Cooperation in International Waters in Africa Trust Fund

By [Signature]
Authorized Representative

Name: COLIN BRUCE
Title: DIRECTOR, REGIONAL INTEGRATION

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

By [Signature]
Authorized Representative

Name: STELAMONIAL TAX
Title: EXECUTIVE SECRETARY
SCHEDULE 1

Project Description

The objective of the Project is to support sustainable management of groundwater at national and transboundary levels across SADC Member States.

The Project consist of the following parts:

Part A: **Operationalizing the SADC Groundwater Management Institute**

1. Strengthening coordination and administration functions of the GMI, including organization and management functions, reporting, governance and a project implementation manual and a monitoring and evaluation framework.

2. Raising awareness, knowledge management and communication to inform, engage and maintain dialogue with key stakeholders at the Member State national, regional and international levels.

3. Carrying out a program of activities to facilitate the establishment of national level partnerships and ownership of the Project (Activity), through the provision of subgrants (Small Subgrant Scheme) to selected focal groups within the SADC Member States (Beneficiaries).

4. Building the capacity for groundwater management at the SADC regional level, including provision of related training to technical groundwater practitioners, students and decision makers of the SADC Member States.

5. Mobilizing funding, developing and implementing a plan for sustainable development of the GMI as a regional center of excellence.

Part B: **Strengthening Institutional Capacity for the Sustainable Management of Groundwater in SADC**

1. Carrying out legal, policy and regulatory framework analysis to identify and address gaps in groundwater management both at the SADC regional and SADC Member States level.

2. Strengthening the compliance and advocacy of groundwater governance.

3. Developing guidelines, standards and related management tools;

4. Strengthening the capacity for groundwater monitoring and data management.

5. Facilitating transboundary cooperation to enhance integration and harmonization on groundwater management across the SADC region.
Part C: Advancing Knowledge on Transboundary and National Groundwater

1. Facilitating transboundary aquifer management, including encouraging SADC Member States and associated regional basin organizations to develop mechanisms for data collection and sharing, and jointly develop and manage groundwater issues.

2. Facilitating research on groundwater challenges to enable information exchange on findings and implementation of solutions.

3. Facilitating information and communication technologies for knowledge sharing platforms.

Part D: Promoting Groundwater Infrastructure Management and Development

1. Carrying out a program of activities to develop infrastructure design for improved groundwater management, including water buffering and managed aquifer recharge, assessment, selection, mapping, sitting, costing, designing and piloting work for appropriate infrastructure solutions reflecting the geological and landscape aspects of groundwater in priority areas of the SADC Member States (Activity), through the provision of subgrants under the Small Subgrant Scheme.

2. Carrying out a program of activities to developing and disseminate manuals for groundwater infrastructure development, including guidance tools for sitting wells and/or mapping and sitting of infrastructure development (Activity), through the provision of subgrants under the Small Subgrant Scheme.

3. Strengthening the capacity for impact monitoring and evaluation, progress, trouble-shooting problems and reporting of results related to groundwater infrastructure.

3. Developing partnerships and mobilizing funding for groundwater infrastructure development.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. Project Steering Committee
   (a) The Recipient shall, at all times during the implementation of the Project, maintain the Project Steering Committee, with a composition, mandate, and in form and substance satisfactory to the World Bank.
   (b) Without limitation to the provisions of Section A.1 (a) immediately above, the Project Steering Committee shall: (i) provide strategic guidance for Project implementation; and (ii) review Project reports.

2. SADC Secretariat; Directorate for Infrastructure and Services
   Without limitation to the provisions of Section A.1 immediately above, the Recipient shall, at all times during the implementation of the Project, maintain the Directorate for Infrastructure and Services within SADC Secretariat with mandate and resources satisfactory to the World Bank. Said Directorate for Infrastructure and Services shall be responsible for providing strategic guidance on the management of the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the GEF Grant and the CIWA Grant available to the Project Implementing Entity under a subsidiary agreement ("Subsidiary Agreement") between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank, which shall include those set forth in Schedule 3 to this Agreement ("Subsidiary Agreement").

2. The Recipient shall 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 GEF Grant and CIWA Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Implementation Manual; Subgrants Manual

1. The Recipient shall cause the Project Implementing Entity to carry out the Project (except Parts A.3, D.1 and D.2) in accordance with the provisions of the
Project Implementation Manual, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) environmental and social safeguard guidelines; (e) monitoring, evaluation, reporting and communication; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall cause the Project Implementing Entity to carry out Parts A.3. D.1 and D.2 of the Project in accordance with the provisions of the Subgrants Manual, containing, inter alia: (a) detailed arrangements and procedures for management, supervision, monitoring, evaluation and reporting of the respective Activities; (b) disbursement and funds flow arrangements; (c) procedures for procurement and financial management setting forth, inter alia, the procurement and financial management responsibilities of the respective Beneficiaries; (d) guidelines for the carrying out of the respective Activities, including, the eligibility criteria for determining the Beneficiaries, and detailed procedures for the selection, approval and implementation of respective Activities; and (e) a sample format of a Subgrant Agreement.

3. The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual or the Subgrants Manual without the prior written agreement of the World Bank; provided that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual or the Subgrants Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

D. 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”).

E. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project (and particularly that any works for promotion of groundwater infrastructure under Part D of the Project) is carried out by the Project Implementing Entity in accordance with the EMF and the RPF and any environmental management plan, process framework or resettlement action plan (Safeguard Instruments).

2. The Recipient shall: (a) not amend, suspend, abrogate, repeal or waive any Safeguard Instrument without prior approval in writing by the World Bank; and
(b) ensure that adequate information on the implementation of respective Safeguard Instruments (including information on how potential negative impact has been minimized), is suitably included in the Project Reports referred to in Section II.A.1 of this Schedule 2.

3. The Recipient shall ensure that:

   (a) if an environmental management plan would be required on the basis of the EMF, said environmental management plan shall be prepared by the Project Implementing Entity in consultation with the Recipient and the pertinent SADC Member State, in accordance with the requirements of the EMF and disclosed locally and furnished to the World Bank for approval; or

   (b) if a process framework or a resettlement action plan would be required on the basis of the RPF, said process framework or resettlement action plan shall be prepared by the Project Implementing Entity in consultation with the Recipient and the pertinent SADC Member State, in accordance with the requirements of the RPF, disclosed locally and furnished to the World Bank for approval; and

   (c) no groundwater infrastructure shall commence until: (i) all measures required to be taken under said environmental management plan or process framework or resettlement action plan have been taken in accordance with the terms of said environmental management plan or process framework or resettlement action plan and in a manner acceptable to the World Bank; and (ii) the Recipient, through the Project Implementing Entity has 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 environmental management plan or process framework or resettlement action plan.

F. Small Subgrant Scheme for Activities under Parts A.3, D.1 and D.2 of the Project

1. General

   Without limitation to the provisions of Section I.A of this Schedule, the Recipient shall cause the Project Implementing Entity to appraise, approve and monitor Activities proposed for financing under the Small Subgrant Scheme and administer the Small Subgrants in accordance with the provisions and procedures set forth or referred to in this Section I.F and in more details in the Subgrants Manual.
2. **Eligibility Criteria for Activities under Small Subgrant Scheme**

No proposed Activity shall be eligible for financing under the Small Subgrant Scheme out of the proceeds of the GEF or CIWA Grant unless the Project Implementing Entity has determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the Subgrants Manual, that the proposed Activity satisfies the eligibility criteria specified below and referred to in more detail in the Subgrants Manual.

3. **Approval of Small Grants**

The Project Implementing Entity shall vet each Activity and recommend the respective Activities to the Recipient’s SADC GMI Board for approval in accordance with the provisions of the Subgrants Manual.

4. **Terms and Conditions of Small Grants**

Each Subgrant shall be made to an eligible Beneficiary on a non-reimbursable grant basis, for an Activity under a Subgrant Agreement, to be concluded between the Project Implementing Entity and the Beneficiary, under terms and conditions described or referred to in more detail in the Subgrants Manual and in form and substance satisfactory to the World Bank, which, *inter alia*, shall include the following:

(i) the description of the Activity, including the outputs and performance targets to be achieved, and the arrangements for monitoring and reporting on said Activity;

(ii) the obligation of the Beneficiary to: (A) carry out the Activity with due diligence and efficiency and in accordance with sound technical, financial, and managerial practices and provide promptly as needed the resources required for the purpose; (B) carry out the Activity in accordance with the Anti-Corruption Guidelines;

(iii) the obligation of the Beneficiary to refund any withdrawn amount of Subgrant, if it is determined by the Project Implementing Entity or the World Bank that such amount has been used for ineligible expenditures;

(iv) the obligation of the Beneficiary to: (A) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Activity and the achievement of its objectives; (B) (1) 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 the operations, resources and expenditures related to the Activity; and (B) (2) at the World Bank's or Project Implementing Entity's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to Project Implementing Entity and the World Bank; and

(v) the right of the Project Implementing Entity to: (i) inspect by itself, or jointly with the Recipient and World Bank, if the Recipient or the World Bank shall so request, the operations under the Activity and any relevant records and documents; (ii) obtain all information as Project Implementing Entity, or the Recipient or the World Bank, shall reasonably request regarding the administration, operation and financial condition of the Activity; and (iii) suspend or terminate the right of the Beneficiary to use the proceeds of the Subgrant upon failure by the Beneficiary to perform any of its obligations under the Subgrant Agreement.

5. **Administration of Subgrant Agreements**

The Recipient shall ensure that the Project Implementing Entity shall exercise its rights under each Subgrant Agreement in such manner as to protect the interests of the Project Implementing Entity, the Recipient and the World Bank and to accomplish the purposes of the Project, and, except as the World Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Subgrant Agreement or any provision thereof without the prior approval of the World Bank.

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 calendar months, and shall be furnished to the World Bank not later than forty-five (45) days 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. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section III of this Schedule.

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. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

4. The Recipient shall, not later than six (6) months after the Effective Date, prepare and submit to the World Bank, terms of reference for the external auditor, in form and substance satisfactory 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 GEF Grant and the CIWA 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) prudent and acceptable commercial practices acceptable to the World Bank; (b) community participation in procurement procedures set forth in the Project Implementation Manual and the Sub-Grant Manual; (c) competitive bidding procedures used by Recipient at the regional level for public procurement, acceptable to the World Bank; (d) Shopping; (e) Direct Contracting; (f) Procurement from UN Agencies; and; (g) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank.

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 GEF Grant and CIWA Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the GEF Grant and the CIWA 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 GEF Grant and CIWA Grant (“Category”), the allocations of the amounts of the GEF Grant and CIWA 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 GEF Grant Allocated (expressed in USD)</th>
<th>Amount of the CIWA Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods, non-consulting services, consultants’ services including audits, Training and Operating Costs for the Project (except Parts A.3, D.1 and D.2)</td>
<td>7,000,000</td>
<td>2,000,000</td>
<td>78% of Eligible Expenditures under the GEF Grant, and 22% of Eligible Expenditures under the CIWA Grant</td>
</tr>
<tr>
<td>(2) Subgrants under the Small Subgrant Scheme for Activities under Parts A.3, D.1 and D.2 of the Project</td>
<td>1,200,000</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>8,200,000</td>
<td>2,000,000</td>
<td></td>
</tr>
</tbody>
</table>
For the purpose of this Section IV.A.2:

(a) the term “Training” means the cost associated with the training and workshop, approved by the World Bank, for reasonable expenditures (other than expenditures for consultants’ services), including: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses; and

(b) the term “Operating Costs” means the incremental expenses, approved by the World Bank, on account of Project management, implementation, including office equipment and supplies, rental of office space, vehicle operation and maintenance, communication costs, office administration costs, utilities, travel and per diem, excluding the salaries of the Recipient’s employees.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $200,000 equivalent out the proceeds of the GEF Grant may be made for payments made prior to this date but on or after March 18, 2014, for Eligible Expenditures under Category (1); or

   (b) in respect of the Subgrants under the Small Grants Scheme for Activities under Category (2), unless the Subgrants Manual has been prepared, adopted, in a manner acceptable to the World Bank.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2019.
SCHEDULE 3

Terms and Conditions of the Subsidiary Agreement

The Subsidiary Agreement shall include the following provisions:

A. Obligations of the Project Implementing Entity

1. the requirement that the Project Implementing Entity, shall carry out the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, technical, environmental and social standards acceptable to the World Bank, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the purpose;

2. the obligation of the Project Implementing Entity to: (a) comply, and to ensure compliance with the procedures for procurement of works, goods, and consultants' services set forth in Section III of Schedule 2 to this Agreement; and (b) ensure that all such works, goods and consultants' services, are used solely for the purpose of the Project;

3. the requirement that the Project Implementing Entity shall fully collaborate with the Recipient in order to permit timely compliance with the requirements set forth in Section II.A and II.B of Schedule 2 to this Agreement, including that the Project Implementing Entity (a) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Project and the achievement of the Project's objectives; (b) (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; and (b) (ii) have such financial statements audited annually by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; (c) enable the Recipient and the World Bank to inspect the Project, its operation and any relevant records and documents; and (d) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing;

4. the obligation of Project Implementing Entity, 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;

5. the obligation of the Project Implementing Entity, to comply with the provisions of the Anti-Corruption Guidelines;
6. to ensure that the Activities under Parts A.3, D.1 and D.2 of the Project are carried out by the eligible Beneficiaries in accordance with the provisions of the Anti-Corruption Guidelines

7. the obligation of the Project Implementing Entity not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision thereof, unless previously agreed by the Recipient and the World Bank;

8. the obligation of the Project Implementing Entity to take or permit to be taken all actions to enable the Recipient to comply with its obligations under this Agreement and/or the Subsidiary Agreement, as the case may be.

B. The Obligations of the Recipient

1. to make available to the Project Implementing Entity the proceeds of the GEF Grant and CIWA Grant, respectively, to finance the carrying out the Project with due diligence and efficiency;

2. to support the implementation of the Project and take all necessary measures to obtain, to cooperate and coordinate with the Project Implementing Entity and the pertinent SADC Member State, the implementation of the Project, specifically the implementation, management and supervision of any environmental management plan(s) or any process framework(s) or any resettlement action plan(s);

3. to provide the confirmation required for withdrawal of funds from the Grant Accounts by the Project Implementing Entity, in accordance with the Additional Instructions referred to in Section IV.1 of Schedule 2 to this Agreement.

4. to take or permit to be taken all action to enable the Project Implementing Entity to comply with its obligations under the Project Agreement and/or the Subsidiary Agreement, as the case may be;

5. to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines;

6. to provide adequate funding as shall be required out of the proceeds of the Grant for the implementation, monitoring and final evaluation of any environmental management plan(s) or any process framework(s) or any resettlement action plan(s); and
7. not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision thereof unless as may otherwise be agreed by the World Bank.

C. The right of the Recipient to take remedial actions against the Project Implementing Entity in case that the Project Implementing Entity shall have failed to comply with any of its obligations under the Subsidiary Agreement.
APPENDIX

I. Definitions

1. "Activity" means a set of specific activities carried out or to be carried out by a Beneficiary under Parts A.3, D.1 and D.2 of the Project, and financed or proposed to be financed out of the proceeds of the GEF or CIWA Grant through a Subgrant under the Small Subgrant Scheme (all as hereinafter defined).

2. "Beneficiary" means a selected national focal group in any SADC Member State, which has met the eligibility criteria specified in the Subgrants Manual (as hereinafter defined) and, as a result, has been extended, or is to be extended, a Subgrant for the carrying out of an Activity.

3. "Directorate for Infrastructure and Services" means the directorate within SADC Secretariat of responsible for infrastructure and services, and referred to in Section I.A.2 of Schedule 2 to this Agreement.

4. "Environmental Management Framework" or "EMF" means the framework for the Project, acceptable to the World Bank, dated February 2014, and disclosed in-country on January 29, 2014, and in the World Bank’s InfoShop on February 12, 2014, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the Environmental Management Framework.

5. "Fiscal Year" means the fiscal year of the Project Implementing Entity commencing on January 1 and ending on December 31 of each year.

6. "Project Agreement" means the agreement, of same date as this Agreement, between the World Bank and the Project Implementing Entity relating to the implementation of the Project, as such agreement may be amended from time to time.

7. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated March 18, 2014, 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.

8. "Project Implementing Entity" means the University of the Free State.

9. "Project Implementation Manual" means the manual means the manual, in form and substance satisfactory to the World Bank, referred to in Section I.C.1 of Schedule 2 to this Agreement, as said manual may be amended from time to time with the agreement of the World Bank.
10. "Project Steering Committee" means a committee of the Recipient referred to in Section I.A1 of Schedule 2 to this Agreement.

11. "Resettlement Policy Framework" or "RPF" means the framework for the Project dated February 2014, and disclosed in-country on January 29, 2014, and in the World Bank's InfoShop on February 12, 2014, acceptable to the World Bank, setting forth the modalities for resettlement and compensation of any persons who may be affected or displaced under the Project as determined by the World Bank, and the guidelines for the preparation and implementation of the respective resettlement action plans, as the same may be amended from time to time with the agreement of the World Bank.


13. "SADC GMI Board" means the board of directors of the SADC GMI constituted in accordance with the SADC GMI Articles of Association.


15. "Safeguard Instrument" means the EMF, the RPF, any environmental management plan that may be prepared pursuant to the EMF, or any process framework or any resettlement action plan that may be prepared pursuant to the RPF.

16. "Small Subgrants" means grants provided by the Project Implementing Entity to eligible Beneficiaries for Activities.

17. "Subgrant Agreement" means an agreement entered into, or to be entered into, between the Project Implementing Entity and a Beneficiary, for the purpose of extending a Subgrant to such Beneficiary on the terms and conditions set forth or referred to in Section I.F.4 of Schedule 2 to this Agreement.

18. "Small Subgrant Scheme" means a mechanism for mobilizing and providing grants for Activities.
19. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity, as the same may be amended from time to time with the prior consent of the World Bank, and such term includes all schedules to the Subsidiary Agreement.

20. "Subgrants Manual" means the Recipient's manual, in form and substance satisfactory to the World Bank, and referred to in Section I.F.2 of Schedule 2 to this Agreement, as such manual may be amended from time to time with the agreement of the World Bank.


II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

The reference to "Member Country" in the Standard Conditions means the Recipient's Member States as defined in SADC Instruments. If the Project is carried out in the territory of more than one member of the World Bank, "Member Country" refers separately to each such member.