Global Environment Facility
Grant Agreement

(Kihansi Catchment Conservation and Management Project)

between

UNITED REPUBLIC OF TANZANIA

and

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

Dated Dec 02, 2013
GEF TF GRANT NUMBER TF015774-TZ

GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated DEC 02, 2013, entered into between UNITED REPUBLIC OF TANZANIA ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank") acting as an implementing agency of the Global Environment Facility ("GEF").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


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

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through NEMC in accordance with the provisions of Article II of the Standard Conditions.

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

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to five million nine hundred eighty thousand United States Dollars ($5,980,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the GEF fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV
Recipient's Representative; Addresses

4.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister responsible for finance.

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

Ministry of Finance
P. O. Box 9111
Dar es Salaam, Tanzania

Facsimile:

(255) 222 11 77 90

4.03. 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 Dar es Salaam, United Republic of Tanzania, as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

By

[Signature]

Authorized Representative

Name: Dr. S. B. Likuzeli
Title: RETIRED SECRETARY

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

By

[Signature]

Authorized Representative

Name: Philippe Dangier
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to enhance biodiversity conservation in the Recipient’s Kihansi catchment.

The Project consists of the following parts:

Part A: Institutional Capacity Building for the Management of the Kihansi Catchment

1. Strengthening the capacity of MOW and NEMC to undertake their respective activities, including, \textit{inter alia}: 

   (i) developing operational guidelines and procedures to conduct Environmental Flow Assessments (EFAs) for preparing future environment impact assessments, and procedures for mainstreaming EFAs into integrated water resource management plans to address downstream impacts on water resource infrastructure; and

   (ii) developing and implementing a communication strategy for improving and broadening the understanding of water and environmental linkages, and promoting the sustainable use of water resources in the Rufiji River basin.

2. Strengthening the capacity of NEMC to undertake its activities, including, \textit{inter alia}:

   (i) an analysis of the valuation of ecosystem services within the Kihansi catchment including a detailed examination of fixed and recurrent costs associated with catchment management; and

   (ii) the development of a financing plan for the Kihansi catchment to secure the long-term conservation and ensure effective management of the Kihansi catchment.

Part B: Conserve Endangered Species in the Kihansi Catchment

1. Species and Habitat Conservation

   (a) Strengthening the capacity of MNRT to undertake its activities, including, \textit{inter alia}:

      (i) reintroducing and monitoring of the Kihansi spray toad in the Kihansi Gorge;
(ii) developing a multi-prong strategy to mitigate the impact of chytrid fungus and other amphibian diseases in the Kihansi Gorge;

(iii) maintaining the spray wetland habitat, as well as stairways, bridges and the research station in the Kihansi Gorge, to enable researchers and staff to access and operate in the spray wetlands;

(iv) maintaining the captive breeding program in captive breeding facilities and providing resources to enable staff to properly monitor said facilities; and

(v) developing and monitoring management plans for other critically endangered plant and animal species in the Kihansi catchment, conducting taxonomic identification of new butterfly and host plant species, identifying host plant species for butterflies and conducting a population viability analysis of the new coffee species and butterfly host plant species.

(b) Strengthening the capacity of RBWB to carry out its activities, including, *inter alia*:

(i) developing and implementing a Kihansi Catchment management plan;

(ii) identifying and mapping the biodiversity hotspots in the Kihansi catchment; and

(iii) identifying and mapping important water source areas in the Kihansi catchment.

2. Community Conservation and Livelihoods

(a) Supporting the pilot implementation of Integrated Pest Management Plans (IPM) in selected upstream villages in the Kihansi catchment; and (ii) supporting pilot investments in alternative livelihood Sub-projects in the Kihansi catchment.

(b) Providing training to local communities and selected staff on integrated pest management methods and appropriate land use practices; and selected staff on, *inter alia*, population-level assessment, mapping, and monitoring of endangered plant and animal species and critical habitats.
Part C: Project Management

Strengthening the institutional capacity of NEMC in the areas of Project coordination, implementation, monitoring and evaluation, including the areas of financial, procurement and environmental management.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangement

1. NEMC
   (a) The Recipient shall ensure that NEMC is maintained, at all times during the implementation of the Project, with staffing and resources satisfactory to the World Bank for the purpose of ensuring prompt and efficient implementation of the Project.
   (b) NEMC shall be responsible for the overall coordination, implementation, financial management, procurement, monitoring, evaluation, reporting and coordination of Project activities.
   (c) Without limitation upon the provisions of sub-paragraphs 1.a and 1.b above, NEMC shall implement Part A of the Project in collaboration with MOW, Part B.1 in collaboration with MNRT and RBMB and Part B.2 of the Project in collaboration with LGAs.

2. Steering Committee
   (a) The Recipient shall maintain, at all times during the implementation of the Project, a Steering Committee with a mandate, composition and resources satisfactory to the World Bank.
   (b) The Steering Committee shall meet at least twice a year and shall be responsible for Project oversight and guidance, including: (i) reviewing progress reports on the implementation of Project; and (ii) reviewing annual work plans to ensure that activities of individual sectors are included therein.

3. Technical Advisory Committee
   (a) The Recipient shall maintain, at all times during Project implementation, a Technical Advisory Committee with a mandate, composition and resources satisfactory to the World Bank.
   (b) The Technical Advisory Committee shall be responsible for overall technical guidance and advice, including, inter alia: (i) providing technical advice to support decision making of the Steering Committee; (ii) advising NEMC in conducting its coordination function; (iii)
providing technical guidance and oversight in implementing Project activities; (iv) undertaking sectoral and cross-sectoral coordination of Project activities; (v) ensuring that Project activities are integrated in sector plans and budgets; (vi) assessing and recommending technical expertise needed for the implementation of various Project activities; and (vii) following up on activities to ensure compliance with the Safeguards Instruments.

B. Implementation Arrangements

1. Project Implementation Manual

   (a) The Recipient shall: (i) ensure that the Project is carried out in accordance with the Project Implementation Manual; and (ii) except as the World Bank shall otherwise agree, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Project Implementation Manual, or any provision thereof.

   (b) In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of the latter shall prevail.

C. 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”).

D. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Management Plan, the Integrated Pest Management Plan and the Process Framework.

2. Without limitation to its other reporting obligations under this agreement and under Section 2.06 of the Standard Conditions, the Recipient shall include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the above-mentioned Safeguards Instruments, giving details of:

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

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and
(c) remedial measures taken or required to be taken to address such conditions, and to ensure the continued efficient and effective implementation of the Safeguard Instruments.

E. Annual Work Plans and Budgets

1. The Recipient shall prepare and furnish to the World Bank for its approval, not later than March 31 of each year during the implementation of the Project, a proposed annual work plan and budget containing all activities proposed to be carried out under the Project in the following calendar year.

2. Each such proposed annual work plan and budget shall specify, among the activities, any training activities that may be required under the Project, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the training; (e) the location and duration of the training; (f) the cost of the training; and (g) the outcome and impact of the training.

3. The Recipient shall afford the World Bank a reasonable opportunity to exchange views with the Recipient on each such proposed annual work plan and budget, and thereafter to implement the Project, or cause it to be implemented, with due diligence in accordance with such annual work plan and budget as shall have been approved by the World Bank.

F. Sub-grants and Sub-projects

1. General

The Recipient shall cause LGAs to appraise, approve and monitor Sub-projects, and administer Sub-grants in accordance with the provisions and procedures set forth or referred to in this Part F and in more detail in the Project Implementation Manual.

2. Eligibility Criteria for Sub-projects and Sub-grants

No Sub-project shall be eligible for financing under a Sub-grant, and no Beneficiary shall be eligible to receive a Sub-grant, unless the proposed Sub-project and Beneficiary satisfy the eligibility criteria set forth in the Project Implementation Manual.

3. Terms and Conditions of Sub-grant Agreements

A Sub-project shall be carried out pursuant to a Sub-grant Agreement, to be concluded between the Recipient, through a LGA, and the respective Beneficiary, prior to commencement of any activity under a Sub-project, all under terms and
conditions described or referred to in more detail in the Project Implementation Manual and satisfactory to the World Bank, which, inter alia, shall include the following:

(a) the description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring, evaluating and reporting on the implementation of the Sub-project;

(b) the obligation of the respective Beneficiary to: (i) carry out the Sub-project with due diligence and efficiency and in accordance with sound technical, engineering, environmental, financial and managerial practices, and in accordance with the provisions of the Anti-corruption Guidelines and the pertinent provisions of this Agreement; and (ii) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Sub-project;

(c) the requirement that the goods and consultants' services to be financed from the proceeds of the Sub-grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Sub-project;

(d) the right of the LGA to: (i) inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods financed under the Sub-project, the operations thereof and any relevant records and documents; (ii) obtain all information as the Recipient or the World Bank, shall reasonably request regarding the administration, operation and financial conditions of the Sub-project; and (iii) suspend or terminate the right of the pertinent Beneficiary to use the proceeds of the Sub-grant upon failure by said Beneficiary to perform any of its obligations under the Sub-grant Agreement; and

(e) the obligation of the LGA to ensure that the Sub-project is carried out in accordance with the Anti-Corruption Guidelines.

5. Administration of Sub-grant Agreements

The Recipient shall, through LGAs, exercise its rights and carry out its obligations under the Sub-grant Agreements in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Sub-grant, and, except as the World Bank shall otherwise agree, the Recipient shall not permit the LGAs to assign, amend, abrogate, waive or terminate or fail to enforce any Sub-grant Agreement, or any provision thereof.
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 (6) months, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report 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 audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting-services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(a) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011, (“Procurement Guidelines”) 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) National Competitive Bidding, subject to the additional provisions specified in paragraph 3 below; (b) Shopping; (c) Direct Contracting.

3. **Additional Procedures for the Use of National Competitive Bidding**

The following additional procedures shall apply to National Competitive Bidding:

(a) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document for, and contract financed out of the proceeds of the Grant, shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the World Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the World Bank; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor
of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

(b) Preferences may not be awarded to domestic suppliers or contractors.

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) Single-source Selection of consulting firms; (e) Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

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

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
Percentage of Amount of the Expenditures to be Grant Allocated Financed
Category (expressed in USD) (inclusive of Taxes)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants’ services, Training, Workshop and Incremental Operating Costs</td>
<td>5,420,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-grants under Part B.2(a)(ii) of the Project</td>
<td>560,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>5,980,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

B. **Withdrawal Conditions; Withdrawal Period**

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

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

Definitions:


3. “Beneficiary” means a farmer or a member of a water user association who has met the eligibility criteria specified in the Project Implementation Manual (as hereinafter defined) and, as a result, has been extended, or is to be extended, a Sub-grant (as hereinafter defined) for the carrying out of a Sub-project (as hereinafter defined).

4. “Environmental Flow Assessment” refers to a process for determining the quality of water that is left in a river ecosystem, or released into it, for the specific purpose of managing the condition of said river ecosystem.

5. “Environmental and Social Management Plan” means the Recipient’s plan, disclosed in country and the World Bank’s Infoshop on August 5, 2013, giving details of the magnitude of the environmental impacts, as well as the specific actions, measures, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies.

6. “Incremental Operating Costs” means building, equipment and vehicle maintenance costs, fuel, office supplies, building rental charges, utilities, and telecommunications costs, Project support staff, travel expenses including per diems related to monitoring and data collection efforts, but excluding salaries of officials of the Recipient’s civil service.

7. “Integrated Pest Management Plan” means the Recipient’s plan, disclosed in country and the World Bank’s Infoshop on August 5, 2013, which: (i) addresses Project risks associated with potential increases in the use of pesticides for agricultural production, intensification, diversification and controlling disease vector populations arising from irrigation schemes; (ii) sets forth mitigation and monitoring measures to be taken during Project implementation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels; (iii) recommends institutional measures to strengthen national capacities to implement the mitigation and monitoring measures; and (iv) as part of the implementation arrangements, identifies national agencies and other
partners that could play a vital role in the success of the Project, as said Plan may be revised from time to time with the prior approval of the World Bank.

8. "LGA" means Local Government Authority, a Recipient's administrative government sub-division.


10. "MNRT" means the Recipient's Ministry of Natural Resources and Tourism, or any successor thereto.

11. "NEMC" means the Recipient's National Environment Management Council, established in 1983 under the Office of the Recipient's Vice President, pursuant to the Recipient's Environmental Management Act No. 20 of 2004, or any successor thereto.

12. "Process Framework" means the Recipient's framework, disclosed in country and the World Bank's Infoshop on August 5, 2013, which sets out measures and actions to redress and mitigate social impacts caused by restrictions to natural resources.


14. "Procurement Plan" means the Recipient's procurement plan for the Project, dated August 19, 2013, 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.

15. "Project Implementation Manual" means the manual, dated August 15, 2013, and referred to in Section I. paragraph B.1 of Schedule 2 to this Agreement, as said manual may be amended from time to time with the agreement of the World Bank.


18. "Sub-grant" means a grant made or proposed to be made out of the proceeds of the Grant by the Recipient, through a LGA, to a Beneficiary for the purpose of financing a Sub-project in accordance with the provisions of Section I. paragraph F.3 of Schedule 2 to this Agreement.
19. "Sub-grant Agreement" means an agreement entered into, or to be entered into, between the Recipient, through a LGA, and a Beneficiary, for the purpose of extending a Sub-grant to such Beneficiary on the terms and conditions set forth or referred to in Section I.F of Schedule 2 to this Agreement.

20. "Sub-project" means a set of specific activities carried out or to be carried out by a Beneficiary under Part B.2(a)(ii) of the Project, and financed or proposed to be financed out of the proceeds of the Grant through a Sub-grant.

21. "Steering Committee" means the committee referred to in paragraph A.2 of Section I of Schedule 2 to this Agreement.

22. "Technical Advisory Committee" means the committee referred to in paragraph A.3 of Section I of Schedule 2 to this Agreement.

23. "Training and Workshops" means the costs associated with the training of personnel involved in Project supported activities including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.