Global Environment Facility
Grant Agreement

(Sustainable Financing and Management of Eastern Caribbean Marine Ecosystem Project)

between

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

and

THE NATURE CONSERVANCY

Dated September 6, 2011
AGREEMENT dated September 6, 2011, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF") and as trustee of the GEF Trust Fund (the GEF Trust Fund) and The Nature Conservancy ("Recipient").

WHEREAS:

(A) by the following letters: (1) letter from the Financial Secretary, Ministry of Finance of Saint Kitts and Nevis, dated March 4, 2011; (2) letter from the Permanent Secretary, Ministry of Finance, Economic Affairs and National Development of Saint Lucia, dated February 9, 2011; (3) letter from the Director of Planning, Ministry of Finance and Economic Planning of Saint Vincent and the Grenadines, dated June 20, 2011; (4) letter from the Permanent Secretary, Ministry of Finance, Planning, Economy, Energy and Cooperatives of Grenada, dated February 18, 2011; and (5) letter from the Financial Secretary, Ministry of Finance, Economy and Public Administration of Antigua and Barbuda, dated February 24, 2011, all to the World Bank, and all in the respective capacity as GEF focal points of the Participating Countries have endorsed the Recipient as a direct recipient of the Grant funds; and

(B) the Recipient is a legal entity duly established and operating as a nonprofit corporation under its Bylaws and Articles of Organization pursuant to the terms of its registration under the Nonprofit Corporation Act of the laws of the District of Columbia.

Now therefore, the Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010 ("Standard Conditions"), 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 Standard Conditions or in this Agreement, except that reference to "Member Country" in the Standard Conditions means separately each Participating Country referred to in Section 3.01 of this Agreement.
Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall: (a) carry out Parts A.1(a), A.2, B, C and D of the Project; and (b) cause the Caribbean Biodiversity Fund (the CBF) to, upon compliance with the conditions set forth in Section IV.B.1(b) of Schedule 2 to this Agreement, to carry out Part A.1(b) of the Project in accordance with the provisions of the Subsidiary Agreement, all with the assistance of the Participating Countries, and 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 eight million seven hundred and fifty thousand United States Dollars ($8,750,000) ("Grant") for the benefit of Antigua and Barbuda, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines (collectively, "Participating Countries") to assist in financing the Project.

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

3.03. The Grant is funded out of the abovementioned GEF Trust 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
Additional Remedies

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

(a) the Bylaws or Articles of Organization of the Recipient, or the status of its incorporation pursuant to the Nonprofit Corporation Act of the laws of the District of Columbia, have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the
opinion of the World Bank, the ability of the Recipient to perform any of its obligations arising under or entered into pursuant to this Agreement, or to achieve the objective of the Project.

(b) The CBF shall have failed to comply with any of its obligations under the Subsidiary Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely, that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the World Bank to the Recipient.

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 execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary action of the Recipient.

5.02. As part of the evidence to be furnished pursuant to Section 5.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank, 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 its behalf 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 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.
5.05. Without prejudice to Section 5.04 of this Agreement, the Effectiveness Deadline shall in no case be later than eighteen (18) months after the World Bank’s approval of the Grant which expires on February 4, 2013.

Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its President and Chief Executive Officer.

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

The Nature Conservancy
4245 Fairfax Drive
Arlington, VA 22203
United States of America

Facsimile:
703-841-0128

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 the District of Columbia, United States of America, 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

By /s/ Françoise Clottes
Authorized Representative

THE NATURE CONSERVANCY

By /s/ Glenn Prickett
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to contribute to enhancing the long-term sustainability of Protected Area networks in the Participating Countries by (i) establishing sustainable financing mechanisms; (ii) strengthening of the Marine Protected Area networks; and (iii) deploying a regional monitoring and information system for the Protected Area networks.

The Project consists of the following parts:

Part A: Establishment of Sustainable Financing Mechanisms

1. Facilitating the establishment and capitalization of a regional biodiversity fund (the Caribbean Biodiversity Fund), including:
   
   (a) provision of technical advisory services to establish the CBF as a charitable organization.
   
   (b) carrying out of the initial capitalization of the CBF so as to generate sufficient income to finance sustainable management activities (Sustainable Management Subprojects) for the benefit of the Protected Areas of said Participating Countries through the corresponding National Protected Area Trust Funds.

2. Facilitating: (a) the Participating Countries to establish the respective National Protected Area Trust Funds; and (b) the design and implementation of a capitalization strategy with a communication plan to generate additional financing to augment the CBF’s initial capitalization, all through the provision of technical advisory services.

Part B: Strengthening and Phased Expansion of Marine Protected Area Networks

1. Expanding the system of Marine Protected Areas, through the designation of new Marine Protected Areas.

2. Establishing demonstration sites in Participating Countries to showcase best practices in the management of Marine Protected Areas, through the acquisition of goods, provision of technical advisory services and works.

Part C: Deployment of a Regional Monitoring and Information System

1. Facilitating eco-regional and management effectiveness monitoring, including: (a) regular observation and data collection on biophysical and social economic
indicators within the Protected Areas network; and (b) assessing management effectiveness, through the provision of technical advisory services.

2. Establishing an electronic database for an eco-regional environmental information system, including a web-based system to house, analyze and make data accessible to key stakeholders, through the provision of technical advisory services.

3. Facilitating dissemination and learning networks to encourage sharing of the results of the monitoring and evaluation system and accessibility of data to respective policy makers.

Part D: Project Management and Coordination

Carrying out of the coordination and supervision of the Project at the regional and Participating Country levels, including managerial, financial and technical coordination of Project activities, reporting and training of staff, through the provision of technical advisory services, training, goods and operating costs.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall be responsible for administration of overall planning, coordination, monitoring, evaluation, reporting and communication of the activities, and the technical, fiduciary (i.e., procurement and financial management), environmental and social safeguards compliance under Parts A.1(a), A.2, B, C and D of the Project, including reviewing the progress made towards achieving the Project’s objective at the Participating Country level, and through the Cooperation Agreement, all in accordance with the provisions of this Agreement and the Project Operational Manual.

2. The Recipient shall, not later than three months after the Effective Date, enter into an agreement (the Cooperation Agreement) with Organisation of the Eastern Caribbean States (OECS) under terms and conditions acceptable to the World Bank, including the OECS’ responsibility to provide assistance to the Recipient in the discharge of its Project responsibilities mentioned in Section I.A.1 above.

3. Participating Country Level

To facilitate the implementation of the Participating Country level activities under Part B of the Project, the Recipient shall, prior to the carrying out of any Project activity within the territory of any Participating Country, ensure that said Participating Country has designated a national implementing entity as a focal point for said Part of the Project.

4. Subsidiary Agreement

Arrangements for Implementation of Part A.1 (b) of the Project

(a) To facilitate the implementation of Part A.1(b) of the Project, the Recipient shall, upon the establishment of the CBF, and upon the written approval of the World Bank of compliance with the conditions set forth in Section IV.B.1(b) (i), (ii), (iii) and (iv) of this Schedule, make available to the CBF, on a grant basis, part of the proceeds of the Grant pursuant to a subsidiary agreement (the Subsidiary Agreement) to be entered into between the Recipient and the CBF, under terms and conditions approved by the World Bank, which shall, inter alia, include the following:
(i) the obligation of the CBF to carry out Part A.1(b) of the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, and technical practices, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for said Part A.1(b) of the Project;

(ii) the obligation of the CBF to: (A) fully comply in a timely manner with the requirements set forth in Section II.A and II.B of this Schedule 2, including the obligation of its financial statements to reflect the operations and financial condition of the CBF, including the operations, resources and expenditures in respect of Part A.1(b) of the Project; and (B) ensure that the audited financial statements for each period be: (1) furnished to the Recipient and the World Bank not later than six months after the end of the period; and (2) made publicly available in a timely fashion and in a manner acceptable to the World Bank;

(iii) the obligation of CBF to exchange views with the Recipient, the Participating Countries and the World Bank with regard to the progress of Part A.1(b) of the Project, and the performance of its obligations under the Subsidiary Agreement;

(iv) the obligation of the CBF to promptly inform the Recipient, the Participating Countries and the World Bank of any condition which interferes or threatens to interfere with the progress of Part A.1(b) of the Project;

(v) the obligation of the CBF to carry out Part A.1(b) of the Project in accordance with the CBF Operational Manual;

(vi) the obligation of the CBF to carry out Part A.1(b) of the Project in compliance with the Anti-Corruption Guidelines; and

(vii) upon the establishment of a National Protected Area Trust Fund in the territory of any Participating Country, the obligation of the CBF to enter into an agreement (Vertical Agreement) with said National Protected Area Trust Fund and/or the pertinent Participating Country (based on the applicable legal framework of said Participating Country), under terms and conditions acceptable to the World Bank, including, inter alia:

(A) the obligation of the CBF to transfer a portion of the income generated from the capitalization of the CBF (in accordance with the formula established in the CBF Operational Manual) to said National Protected Area
Trust Fund for the purpose of financing Sustainable Management Subprojects in accordance with the pertinent provisions of this Agreement;

(B) the obligation of said National Protected Area Trust Fund to carry out the respective Sustainable Management Subprojects in accordance with the Anti-Corruption Guidelines;

(C) the obligation of the National Protected Area Trust Funds to procure for their respective operations, and such works, goods and services as may be required for the respective Sustainable Management Subprojects, in accordance with the Procurement Guidelines, specifically paragraph 3.17 (Community Participation in Procurement) of the Procurement Guidelines, as such procedure shall be detailed in the CBF Operational Manual; and

(D) the obligation of the National Protected Area Trust Fund to: (1) carry out the respective Sustainable Management Subprojects in accordance with the EMF and PF; (2) furnish to the Recipient and the World Bank through the CBF as part of the Project Reports referred in Section II of this Schedule a description of any analysis or assessment; (3) prepare and disclose locally the safeguard instruments prepared under such description; and (4) thereafter, implement the Sustainable Management Subproject in accordance with such safeguard instrument.

(b) The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any of its provisions.

B. Project Operational Manual (including the CBF Operational Manual)

1. The Recipient shall carry out Parts A.1(a), A.2, B, C and D of the Project in accordance with the arrangements, procedures and guidelines set out in the Project Operational Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Operational Manual and the provisions of this Agreement, the provisions of this Agreement
shall prevail) and, except as the World Bank shall otherwise agree in writing, shall not amend, abrogate or waive any provision of the Project Operational Manual, if such amendment, abrogation or waiver may, in the opinion of the World Bank, materially or adversely affect the implementation of the respective parts of the Project.

2. Without limitation upon the provisions of Section I.B.1 immediately above, the Project Operational Manual sets forth detailed arrangements and procedures for implementation of Parts A.1(a), A.2, B, C and D of the Project, including, *inter alia*: (a) institutional coordination and day-to-day execution of the respective Project activities; (b) disbursement and financial management procedures for the respective Parts of the Project, administrative arrangements, internal control procedures, and flow of funds to support the respective Project activities; (c) the final format of the financial statements, chart of accounts and the interim unaudited financial reports for the respective parts of the Project; (d) the procurement procedures and the standard bidding documents to be used for each procurement method as well as the model contracts for the procurement of goods, works, non-consulting services and consultants’ services; (e) the procedures for carrying out monitoring, evaluation and reporting of the respective Parts of the Project; (f) the Project monitoring indicators; (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the respective Parts of the Project; and (h) the CBF Operational Manual.

C. **Anti-Corruption**

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

D. **Environmental and Social Safeguards for Part B of the Project**

1. The Recipient shall ensure that Part B of the Project is carried out in accordance with the Environmental Management Framework (EMF), and the Process Framework (PF), including the guidelines, rules and procedures defined in said EMF and PF. To this end, the Recipient shall specifically take the following actions in a manner acceptable to the World Bank:

   (a) if an environmental analysis, assessment or similar safeguard instrument would be required on the basis of the EMF: (i) such environmental analysis, assessment or similar safeguard instrument shall be prepared in accordance with the requirements of the EMF, disclosed locally and furnished to the World Bank for approval; and (ii) if applicable, any rehabilitation, retrofitting or construction activity shall be carried out in accordance with such environmental analysis, assessment or similar safeguard instrument as approved by the World Bank;
(b) ensure that no activities that would: (i) involve Involuntary Resettlement; or (ii) affect indigenous peoples, are included in the Project or any Sustainable Management Subproject.

2. The Recipient shall ensure that all measures required for carrying out any environmental analysis, assessment or similar safeguard instrument, and any sustainable development action plan are taken in a manner acceptable to the World Bank.

3. The Recipient shall include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the EMF, the PF, any environmental analysis, assessment or similar safeguard instrument and any sustainable development action plan, giving details of:

   (a) measures taken in furtherance of the EMF, the PF, any environmental analysis, assessment or similar safeguard instrument and any sustainable development action plan;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the EMF, the PF, any environmental analysis, assessment or similar safeguard instrument and any sustainable development action plan; 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 EMF, the PF, any environmental analysis, assessment or similar safeguard instrument and any sustainable development action plan.

4. All advisory, analytical, planning, institutional capacity building, strategizing and other such services provided under the Project shall be carried out according to terms of reference, satisfactory to the World Bank, calling for such services to deliver products that take into account, and are consistent with, the applicable World Bank’s social and environmental safeguards policies.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall: (a) monitor and evaluate the progress of Parts A.1 (a), A.2, B, C and D of the Project and prepare Project Reports; and (b) cause the CBF to monitor and evaluate the progress of Part A.1 (b) of the Project, and prepare Project Reports, all in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World
Bank. Each Project Report shall cover the period of one calendar quarter, 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.

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 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 audited in accordance with consistently applied auditing standards acceptable to the World Bank. Each 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 months after the end of such period. The World Bank reserves the right of requesting a separate audit of the Financial Statements specifically related to Parts A.1 (a), A.2, B, C and D of the Project. Such additional audit shall cover the period indicated in the World Bank’s request, and shall be furnished to the World Bank not later than six months after the date of the World Bank’s request.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works and 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 under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“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 by World Bank Borrowers” published by the World Bank in May 2004 and revised in
October 2006 and May 2010 (“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 1.16 of the Procurement Guidelines and paragraph 1.24 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; (b) Shopping; and (c) Direct Contracting.

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

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

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

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

Section IV. Withdrawal of Grant Proceeds

A. General

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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, Training, Operating Costs and consultants’ services under Parts A.1(a), A. 2, B, C and D of the Project</td>
<td>1,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Capital Endowment under Part A.1(b) of the Project</td>
<td>7,200,000</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>8,750,000</td>
<td></td>
</tr>
</tbody>
</table>
For the purpose of this Section IV.A.2:

(a) the term “Capital Endowment” means the fund constituting the capitalization of the CBF referred to in Part A.1(b) of the Project;

(b) the term “Operating Costs” means the incremental expenses incurred by the Recipient, on account of management and implementation of Parts A.1(a), A.2, B, C and D, including, sundry recurrent expenses, office supplies, consumables, travel costs, travel *per diems*, and accommodation, but excluding administrative costs that would have been incurred by the Recipient in connection with the associated activities which may be wholly financed by the Recipient and salaries of the Recipient’s employees;

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

(d) the term “Non-consulting Services” means the reasonable costs associated with services which will be contracted on the basis of performance or measurable physical outputs, such as logistical service for capacity building events, printing or training materials (not otherwise covered as Training) and communication campaigns.

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; or

(b) under Category 2 unless:

(i) the CBF is legally established and fully operational, all in a manner acceptable to the World Bank;

(ii) a technical and fiduciary (i.e. procurement and financial management) assessment of the CBF (as an implementing entity for Part A.1(b) of the Project has been carried out in a manner acceptable to the World Bank which shall certify, *inter alia*, that the board and/or management of the CBF (or CBF comparable organ(s)) are composed of professionals who have qualifications...
and experience satisfactory to the World Bank and have the capacity to exercise satisfactory control over the use of funds;

(iii) (A) the Co-financing Agreements for the financing of Part A.1 (b) of the Project have been executed and delivered and all conditions precedent to the effectiveness of each such Co-financing Agreement or to the right of the Recipient to make withdrawals under it have been fulfilled; and (B) the respective Co-financiers have each provided a schedule for the proposed disbursement installments under the respective contributions in intervals and amounts acceptable to the World Bank; and

(iv) the Subsidiary Agreement has been executed on behalf of the Recipient and the CBF, and an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank, has been furnished to the World Bank showing the following matter, namely that, the Subsidiary Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Recipient and the CBF and is legally binding upon the Recipient and the CBF in accordance with its terms.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2016.

Section V. Other Covenants

1. The investment income deriving from the proceeds of the Grant allocated to Part A.1 (b) of the Project (and any portion of the capital, in case such use of a portion of the capital has been approved by the World Bank) shall be used exclusively for financing of the operations of the CBF, National Protected Area Trust Funds and the Sustainable Management Subprojects.

2. If any of the following events shall occur within fifteen (15) years of the date of this Agreement, upon notice from the World Bank, the Recipient shall, pursuant to the provisions of the Subsidiary Agreement, require the CBF to refund to the World Bank, for deposit into the Grant Account, the amount of the Grant allocated to Part A.1 (b) of the Project, in whole or in part, at the World Bank’s option:

(a) that the World Bank shall have determined, at any time, that: (i) the Recipient shall have failed to perform any of its obligations under this Agreement; (ii) the Recipient shall have failed to perform any of its obligations under the Subsidiary Agreement; and (iii) CBF and/or any National Protected Area Trust Fund and/or any Participating Country
shall have failed to comply with any of their obligations under the pertinent Vertical Agreement;

(b) that any Participating Country shall have failed to establish: (i) a National Protected Area Trust Fund; and (ii) a sustainable mechanism, acceptable to the World Bank, for mobilizing new sources of financing, including a modality for payments for ecosystems services, user-fee and levies, budget allocations or donations, all by January 31, 2016, in all cases the prorated portion of the Grant under Part A.1 (b) of the Project for such Participating Country shall be refunded to the World Bank;

(c) expenditures shall have been made under a contract in respect of which the World Bank determines that corrupt or fraudulent practices were engaged in by representatives of the Recipient, CBF or of a beneficiary of the Grant during the procurement or execution of such contract, without the Recipient or CBF having taken timely and appropriate action satisfactory to the World Bank to remedy the situation;

(d) the Articles of Association and the Memorandum of Association of the CBF, or the CBF Operational Manual (prior to the Closing Date in the case of the CBF Operational Manual) shall have been amended, suspended, terminated, waived or failed to be enforced in a manner which, in the opinion of the World Bank, would materially and adversely affect the implementation of the Project or the attainment of its objective;

(e) the Recipient or the CBF or any of the National Protected Areas Trust Funds shall have been dissolved or their operations shall have been suspended, in all cases the prorated portion of the Grant under Part A.1(b) of the Project for such Participating Country shall be refunded to the World Bank; and

(f) that any payment of the investment income or capital referred to in paragraph 1 of this Section V was used by the CBF or any National Protected Area Trust Fund for any expenditure not consistent with the purpose of the Project, and the provisions of the Subsidiary Agreement or the Vertical Agreement. To this end, the prorated portion of the Grant under Part A of the Project for the CBF or the pertinent Participating Country shall be refunded to the World Bank.
APPENDIX

Definitions


4. “Caribbean Biodiversity Fund” and “CBF” means the fund to be established as a charitable organization in accordance with the laws of the United Kingdom with legal personality as provided in Section IV.B (b) (i) of Schedule 2 to this Agreement.

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

6. “CBF Operational Manual” means Annex 1(d) to the Project Operational Manual titled, “the CBF Operational Manual” setting forth the modality for the implementation of Parts A.1 (b) of the Project, including the criteria for approving Sustainable Management Subprojects, as said manual may be amended from time to time with the agreement of the World Bank.

7. “Co-financiers” means the following Co-financiers for Part A.1 (b) of the Project, namely, the Recipient and Kreditanstalt für Wiederaufbau (KfW), all who on their respective parts, have extended or are to extend the Co-financing (as hereinafter defined).

8. “Co-financing” means: (a) an amount of US$3,000,000 equivalent to be extended to the CBF by the Recipient; and (b) an amount of US$4,500,000 equivalent to be extended by KfW to the CBF, all for the purpose of assisting in the joint co-financing of Part A.1 (b) of the Project, in accordance with the Co-financing Agreement.

9. “Co-financing Agreement” means each and any agreement entered into between the Recipient or the CBF and the Co-financiers providing for the Co-financing.

10. “Cooperation Agreement” means the agreement referred to in Section I.A.2 of Schedule 2 to this Agreement.
11. “Environmental Management Framework” or “EMF” means the Recipient’s framework, acceptable to the World Bank, dated October 28, 2010, and published on November 15, 2010, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental analysis, assessments and management plans under the Project (including Sustainable Management Subprojects), and such term includes all schedules and annexes to the Environmental Management Framework.

12. “Involuntary Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (a) income source or means of livelihood adversely affected (whether or not the affected persons must move to another location); or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

13. “Marine Protected Area” means any national, municipal or other marine park that is designated as a protected area by a Participating Country.

14. “National Protected Area Trust Fund” means any fund established pursuant to the laws of a Participating Country to mobilize resources and capitalize said resources for financing of Sustainable Management Subprojects within the territory of such Participating Country.


16. “Participating Country” means separately each country referred to in Section 3.01 and participating in the Project, and the term, “Participating Countries” means collectively, all such countries.

17. “Process Framework” or “PF” means the Recipient’s framework, Annex 7(b) to the Project Operational Manual dated May 20, 2011, and published on November 15, 2010, acceptable to the World Bank, setting forth the criteria and procedures to be followed as part of the Project, in case where Project-induced involuntary restriction of access to natural reserve resources result in adverse livelihood impacts and the type of assistance to be offered to the eligible affected persons in their efforts to restore or improve their livelihoods in a manner which maintains the social (and environmental) sustainability of the nature reserve in question, and a description of the participatory process by which sustainable development action plans will be prepared and implemented, including: (a) mitigation...
measures to assist the affected persons in their efforts to improve or restore, in real terms, their livelihoods while maintaining the sustainability of the Protected Area; (b) grievance/conflict resolution mechanism involving affected persons; (c) a description of the arrangements for implementing and monitoring the process, and (d) an estimated budget for the implementation of the Process Framework recommendations.

18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 29, 2011, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

19. “Project Operational Manual” means the manual dated May 20, 2011, acceptable to the World Bank, for the operation of Parts A.1 (a), A.2, B, C and D of the Project referred to in Section I.B of Schedule 2 to this Agreement, including an Annex titled, “the CBF Operational Manual”, as the said manual may be amended from time to time with the agreement of the World Bank.

20. “Protected Area” means a terrestrial or marine area specifically designated by a Participating Country for the integrated protection and conservation of biodiversity, cultural and natural resources managed through legal instruments or other equally effective instruments, all acceptable to the World Bank.

21. “Subsidiary Agreement” means the agreement referred to in Section I.A.4 of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Grant available to the CBF.

22. “Sustainable Management Subproject” means any of the activities referred to in Part A.1 (b) of the Project which have met the eligibility criteria set forth in the CBF Operational Manual.

23. “Vertical Agreement” means any of the agreements referred to in Section I.A.4 (a) (vii) of Schedule 2 to this Agreement.