

CONFORMED COPY

GET GRANT NUMBER TF028622 COB

GLOBAL ENVIRONMENT TRUST FUND
GRANT AGREEMENT

(Wildlands Protection and Management Project)

between

REPUBLIC OF CONGO

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as Trustee of the Global Environment
Trust Fund

Dated March 4, 1993

GET GRANT NUMBER TF028622 COB

GLOBAL ENVIRONMENT TRUST FUND
GRANT AGREEMENT

AGREEMENT, dated March 4, 1993, between REPUBLIC OF CONGO (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as Trustee of grant funds provided by Participants of the Global Environment Facility into the Global Environment Trust Fund (GET) (the Trustee).

WHEREAS (A) the International Bank for Reconstruction and Development (the Bank) pursuant to Resolution No. 91-5 of March 14, 1991, of the Executive Directors of the Bank (the Resolution), established the Global Environment Facility consisting of the GET, Cofinancing Arrangements with the GET and the Ozone Projects Trust Fund, to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

WHEREAS (B) certain members of the Bank (the Participants) have provided resources by way of grants into the GET and the Participants have requested, and the Bank has agreed, to administer such grant funds as Trustee for the purposes of, and in accordance with, the provisions of the Resolution;

WHEREAS (C) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested assistance from the resources of the GET in the financing of the Project, and the Trustee has determined that such assistance would be in accordance with the provisions of the Resolution;

WHEREAS (D) the Recipient has obtained, or intends to obtain additional grants for complementary activities for the implementation of the Project; and

WHEREAS (E) the Trustee has agreed, on the basis, inter alia, of the foregoing, to extend the GET Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. (a) The following provisions of the "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
 - (ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (18) and (20), 2.02 and 2.03;
 - (iii) Section 3.01;
 - (iv) Section 4.01 and the first sentence of Section 4.09;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02 (c), (d), (e), (f), (i) and (k), 6.03, 6.04 and 6.06;
 - (vii) Section 8.01 (b);
 - (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
 - (ix) Sections 10.01, 10.03 and 10.04;
 - (x) Article XI; and
 - (xi) Sections 12.01, 12.02, 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) a new paragraph shall be added to the end of Section 2.01 to read as follows: "the term 'Special Drawing Rights' and the symbol 'SDR' mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement";
 - (ii) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Trustee except that, in Section 6.02, the term "Bank" shall also include the International Bank for Reconstruction and Development acting in its own capacity;
 - (iii) the term "Borrower", wherever used in the General Conditions, means the Recipient;
 - (iv) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement;
 - (v) the term "Loan" and "loan" wherever used in the General Conditions, means the GET Grant; and
 - (vi) the term "Loan Account" wherever used in the General Conditions, means the GET Grant Account.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the Respective meanings therein set forth and the following

additional terms have the following meanings:

- (a) "MAB" means the Man and Biosphere Program of the United Nations Educational, Scientific and Cultural Organization and participating countries, including the Recipient;
- (b) "Ministry" means the Ministry of Planning, Economy, and Economic Projection of the Recipient;
- (c) "DGRST" means the Directorate General of Scientific and Technical Research of the Recipient;
- (d) "DFFC" means Directorate for the Conservation of Fauna and Flora;
- (e) "PMU" means the project management unit to be established within the Ministry pursuant to Section 5.01 (a) and Schedule 3 (1) (a) of this Agreement;
- (f) "Reserve" means a protected area already established pursuant to the existing laws and regulations of the Recipient;
- (g) "NEAP" means National Environmental Action Plan;
- (h) "Priority Project Sites" means the following five sites: Nouabalé-Ndoki, Konkouati, Dimonika, Léfini and Lake Télé-Likouala;
- (i) "Protected Areas" means areas earmarked for the conservation of biodiversity;
- (j) "Core Zone" means the inner zone of Protected Areas which must be left absolutely undisturbed from human interference;
- (k) "Gazetting" and "to gazette" means the physical, administrative and legal establishment of a Protected Area; and
- (l) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

ARTICLE II

The GET Grant

Section 2.01. The Trustee agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GET Grant in an amount in various currencies equivalent to six million nine hundred thousand Special Drawing Rights (SDR 6,900,000).

Section 2.02. (a) The amount of the GET Grant may be withdrawn from the GET Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Trustee shall so agree, to be made) in respect of the reasonable cost of goods and services required for carrying out the Project and to be financed out of the proceeds of the GET Grant.

(b) The Recipient shall, for the purposes of the Project, open and maintain in dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Trustee, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1997 or such later date as the Trustee shall have established upon request of the Recipient. The Trustee shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through the Ministry with due diligence and efficiency and in conformity with appropriate administrative, engineering, geological, biological, social and financial practices and with due regard to ecological and environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources

required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Trustee shall otherwise agree, the Recipient shall carry out the Project in accordance with the Implementation Program set forth in Schedule 3 to this Agreement.

(c) The Recipient shall open and thereafter maintain an account (the Project Account) in a commercial bank in the name of the Project and deposit into the Project Account on the first day of each calendar quarter, amounts required to cover his share of incremental operating costs according to Schedule 1, Category 5 (a) and (b) of this Agreement. Funds deposited into the Project Account shall be used only to cover expenditures incurred for the purposes of the Project.

Section 3.02. The Recipient shall:

(a) carry out a mid-term review no later than June 30, 1995 to assess the progress made in the execution of the Project and promptly implement the recommendations of said mid-term review as they shall have been agreed upon with the Trustee; such mid-term review to cover, inter alia: (i) legal, regulatory and institutional changes executed and planned; (ii) management of the five Priority Project Sites and quality and adequacy of staff; kind and quality of local participation in management of Protected Areas and the execution of alternative activities; (iii) definition of the share of the Recipient's contribution to cover the operating expenses of the Project; (iv) the review of adequacy of indicators for monitoring and evaluating the Project's progress in relation to the achievement of its objectives as described in Schedule 2 to this Agreement, with particular emphasis on changes in biodiversity and socio-economic behavior of the population concerned, and define a program of their application for the remaining completion period of the Project; and (v) review the results of NEAP relating to biodiversity conservation and modalities of their implementation;

Three months prior to such review, a report shall be submitted to the Trustee, as detailed as acceptable to the Trustee, covering project progress in all aspects as to be reviewed during the mid-term review, including definite proposals for the establishment of the Permanent Structure pursuant to Schedule 3 paragraph (8) (b) of this Agreement, and the Trust Fund pursuant to paragraph (b) of this Section.

(b) establish, no later than six months after the mid-term review, a Trust Fund intended to sustain the Project's achievements, to be governed by regulations provided for by law, in accordance with terms and conditions defined by the Project and satisfactory to the Trustee.

Section 3.03. Except as the Trustee shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the GET Grant shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Recipient responsible for carrying out the Project or any part thereof.

(b) The Recipient shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Trustee;

(ii) furnish to the Trustee as soon as available, but in any case not later than four months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Trustee shall have reasonably requested; and

(iii) furnish to the Trustee such other information concerning said

records and accounts and the audit thereof as the Trustee shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GET Grant Account were made on the basis of statements of expenditure, the Recipient shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Trustee has received the audit report for the fiscal year in which the last withdrawal from the GET Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Trustee's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Effectiveness; Termination

Section 5.01. The following events are specified as conditions to the effectiveness of the GET Grant Agreement:

(a) the Recipient has established the PMU, appointed the Project Coordinator and the two high-level specialists of said PMU, established the Technical Steering Committee and the Peer Review Committee; all in accordance with the provisions of Schedule 3, paragraph 1 (a), (b), (c), (d) and (e) of this Agreement; and has executed the action pursuant to the provision of Schedule 3, paragraph 1 (g) of this Agreement;

(b) the Ministry has issued an appropriate legal instrument to grant full tax exemption to all project related activities, subject to existing laws and regulations of the Recipient;

(c) the Ministry in charge of forestry has issued an appropriate legal instrument prohibiting the prolongation of current, or the issuance of new, logging concessions in the five Priority Project Sites pursuant to Schedule 3, paragraph 1 (f); and

(d) the Recipient has deposited into the Project Account the amount of FCFA five million.

Section 5.02. The following additional items are specified to be included in the Legal Opinion pursuant to Section 12.02 of the General Conditions: that the legal instruments referred to under (b) and (c) of Section 5.01 of this Agreement be duly executed and delivered on behalf of, and legally binding upon, the Recipient in accordance with their terms.

Section 5.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 5.04. This Agreement shall continue in effect during the GET Grant disbursement or until the establishment of the Trust Fund pursuant to Section 3.02 (b) of this Agreement, whichever event occurs later.

ARTICLE VI

Representative of the Recipient; Addresses

Section 6.01. The Minister of the Recipient responsible for finance and budget is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance and Budget
B.P. 64
Brazzaville
Congo

Telex:

9715381

For the Trustee:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Washington, District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF CONGO

By /s/ Nguila Mougounga-Nkombo

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
as Trustee of the Global Environment
Trust Fund

By /s/ Olivier Lafourcade

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the GET Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GET Grant, the allocation of the amounts of the GET Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the GET Grant Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	660,000	100%

(2)	Vehicles, materials and equip- ment	1,070,000	100%
(3)	Consultants' services	2,600,000	100%
(4)	Training	300,000	100%
(5)	Incremental Operating costs:		
	(a) Fuel & Lubricants	250,000	60% through December 31, 1995 and 30% thereafter
	(b) Other	1,420,000	100% through December 31, 1995 and 50% thereafter
(6)	Unallocated	600,000	
	TOTAL	6,900,000	

2. For the purposes of this Schedule, the term "operating costs" means expenses incurred for items such as staff contracted for the purposes of the Project, fuel, lubricants, maintenance and repair costs for vehicles and equipment related to the Project, and travel expenses and subsistence allowances for travel related to the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. If the Trustee shall have determined at any time that any payment made from the GET Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Trustee, refund to the Trustee for deposit into the GET Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Trustee.

SCHEDULE 2

Description of the Project

The objectives of the Project are to provide support to the Recipient in its effort to protect its ecosystems; to undertake biodiversity conservation management activities and to promote alternative economic activities for local populations surrounding Protected Areas.

The Project consists of the following parts, subject to such modification thereof as the Recipient and the Trustee may agree from time to time to achieve such objectives:

Part A: Establishment and Equipping of the Project Management Unit, the Technical Steering Committee and the Peer Review Committee

1. Formulation of a comprehensive regulatory and institutional framework for protection and management of Protected Areas in the territory of the Recipient.

2. Execution of surveys of local populations and carrying out of studies to better assess the extent of population pressures on Protected Areas, and design appropriate conservation activities.

3. Monitoring and evaluation of activities aimed at the establishment of Protected Areas throughout the territory of the Recipient.

4. Training of staff and execution of educational campaigns relating to sound preservation of ecosystems.

5. A study to establish a Trust Fund aimed at mobilizing additional funds required to sustain the preservation of ecosystems.

6. Participation in sub-regional programs aimed at fostering cooperation in matters relating to preservation of ecosystems.

Part B: Strengthening of the National Herbarium

1. Improving the capacity of the technical staff of the herbarium to treat and preserve plant samples, carry out inventories and identify plant species.
2. Upgrading the existing national botanical data base.
3. Formulation and execution of twinning arrangements with interested overseas herbaria.

Part C: Strengthening of the Cartographic Database and Geographic Information System

Establishment and development of a database for Protected Areas; establishment of a unit for interpretation of aerial photographs and satellite images; strengthening mapping activities, and formulation and implementation of twinning arrangements with interested overseas counterpart institutes.

Part D: Protection and Management of Gazetted Protected Areas

1. Inventories of species and the ecosystem.
2. Development and execution of management plans including delineating core zones and buffer zones and defining appropriate conservation activities to be carried out in those zones.
3. Formulation and carrying out of scientific research programs aimed at a better management of the Protected Areas.
4. Training of staff in Protected Area management, in particular in antipoaching operations.
5. Formulation and implementation - in close consultation and cooperation with the local population - of pilot activities aimed at alleviating pressure on the Protected Areas' fauna and flora.

Part E: Support to Priority Project Sites

1. Support to the Nouabalé-Ndoki site through inter alia: establishment of an efficient protection system; basic infra-structure improvement to allow the establishment of a scientific research center; training for staff and execution of: (a) studies to determine trends and patterns pertaining to (i) mammal poaching, and (ii) vegetation dynamics; (b) inventories and monitoring activities aimed at selected flora and fauna; and (c) studies to identify the needs and desires of the surrounding local population; all these activities in view of designing appropriate reinforcing and/or remedial actions.

2. Support to the Conkouati Reserve through inter alia:

(a) carrying out biological inventories and studies on the physical characteristics of the Reserve with a particular emphasis on its northern part; delineating the limits of the Reserve to include marine and coastal areas; defining core zones and buffer zones; (b) strengthening the capability of DFFC to carry out efficiently its surveillance and protection operations around the Reserve and support its efforts to reintroduce chimpanzees seized from poachers; (c) formulating and implementing a detailed management plan integrating the needs of local communities with the requirements of a sustainable management of natural resources; and (d) carrying out surveys with a view to: (i) determine the impact and socio-economic dynamics of populations surrounding the Reserve and, in particular, the influence of the city of Pointe Noire on the Reserve; (ii) develop alternative economic activities for the local population; and (iii) carry out educational and awareness activities on the benefits of sustainable natural resource-management.

3. Support to the MAB - Reserve of Dimonika through inter alia: (a) establishment of a protection system for the Reserve; and (b) incorporation of local communities in the formulation of a new policy for sustainable natural resource management, including the promotion of alternative economic activities for communities in buffer zones of the Reserve.

4. Support to the Léfini Reserve through inter alia:
 - (a) formulating and implementing a detailed reserve management plan;
 - (b) reinforcing reserve protection operations;
 - (c) supporting current efforts to reintroduce in the reserve gorillas reclaimed from poachers; and
 - (d) formulating and implementing an outreach program aimed at raising public awareness on the need for, and benefits to be derived from, a sustainable approach towards natural resource management.
5. Support of the Lake Télé-Likouala site through inter alia:
 - (a) collection of baseline data and documents required to gazette the site;
 - (b) formulation of a preliminary management plan for the site;
 - (c) development of alternative activities for surrounding communities;
 - (d) formulation and implementation of educational and awareness activities on natural resource management; and
 - (e) mobilization of funding required for a sustained protection of the site.
6. Carrying out of supplementary studies and inventories for the possible inclusion of future Protected Areas.

* * *

The Project is expected to be completed by June 30, 1997.

SCHEDULE 3

Implementation Program

1. The Recipient shall:
 - (a) establish a PMU as an interim management structure, under the tutelage of the Ministry, to be fused into the Permanent Structure as defined in this Schedule, paragraph 8 (b), under the supervision of a Project Coordinator;
 - (b) appoint a Project Coordinator, chosen by competitive selection advertized in the local media, whose major responsibility shall be: the management of the PMU, with authority to engage expenditures in the name of the Project up to amounts of \$125,000 equivalent per contract; the coordination of operations, and the preparation and submission to the Trustee of: (i) semi-annual progress reports on Project implementation; (ii) the mid-term review report; and (iii) the Project completion report; the Coordinator shall at all times be satisfactory to the Trustee;
 - (c) appoint two high level specialists to assist the Project Coordinator in his tasks, chosen by competitive selection advertized in the local media, with qualifications and experience: the first, in monitoring and evaluation of environmental activities, and the second, in the technical follow-up of activities concerning the Protected Areas; these specialists shall be at all times satisfactory to the Trustee;
 - (d) establish a Technical Steering Committee to be chaired by the Minister in charge of Protected Areas, with membership, functions and responsibilities satisfactory to the Trustee;
 - (e) establish the Peer Review Committee comprised of three internationally selected specialists: an ecologist, an economist and an anthropologist/sociologist, with qualifications and experience acceptable to the Trustee, to meet on an annual basis to review the scientific progress of Project implementation;
 - (f) prohibit the prolongation of current, or the issuance of new, logging concessions in the Priority Project Sites until the Permanent Structure pursuant to this Schedule, paragraph 8 (b), is established; and

(g) submit the training program for the first year of Project activities to the Trustee, acceptable to the latter.

2. By June 30, 1993 the Recipient shall:

(a) begin to deploy his staff in the Priority Project Sites; and

(b) submit its first semi-annual progress report in as much detail as the Trustee may reasonably request, to be followed by similar reports every six months thereafter until the completion of the Project.

3. By April 30, 1994 the Recipient shall submit to the Trustee the first audit of project accounts pursuant to Section 4.01 (b) of this Agreement, to be followed by similar reports every year thereafter until the completion of the Project.

4. By June 30, 1994 the Recipient shall submit to the Trustee:

(a) a proposition relative to the appropriate institutional and statutory framework required to achieve the Project's objectives, in particular the conservation of Protected Areas, taking into consideration the existing legislation of the Recipient relating to the conservation of flora and fauna and the protection of the environment, thus including the "Code Forestier" and the "Loi sur l'Environnement";

(b) a draft of its regulations concerning the Permanent Structure referred to in this Schedule, paragraph 8 (b), providing for administrative and financial autonomy, possibly including the authority to generate revenues;

(c) a draft of the regulations intended to govern the five administrative bodies which shall administer the Priority Project Sites, under the tutelage of the Permanent Structure referred to in this Schedule, paragraph 8 (b), each ruled by specific regulations, providing for: (i) administrative and financial autonomy, including possible authority to generate revenues; and (ii) adequate local participation in the management of said sites; and

(d) a record of actions undertaken to gazette the Priority Project Sites; and

(e) a staffing list of manpower deployed at headquarters and in each of the Protected Areas.

5. By March 31, 1995 the Recipient shall submit to the Trustee a report pursuant to Section 3.02 (a) of this Agreement, in preparation for the mid-term review.

6. By June 30, 1995 the Recipient shall carry out a mid-term review pursuant to Section 3.02 (a) of this Agreement.

7. By September 30, 1995 the Recipient shall submit the mid-term review report to the Trustee.

8. By December 31, 1995 the Recipient shall:

(a) have established such legal framework as proposed to the Trustee and agreed to at the mid-term review, including the prohibition of all economic activity in the core zones of the Priority Project Sites and limitation of activities in their buffer zones pursuant to the proposals made to, and approved by, the Trustee;

(b) have established a Permanent Structure subject to the proposals of the mid-term review, to be responsible nationwide for all activities related to the conservation of biodiversity; this structure to emanate from the PMU and to replace it;

(c) have established five administrative bodies, each responsible for one of the Priority Project Sites pursuant to paragraph 4 (c) of this Schedule;

(d) have deployed qualified and experienced staff in adequate numbers at headquarters and in all Priority Project Sites; and

(e) establish the Trust Fund pursuant to Section 3.02 (b) of this Agreement.

9. By June 30, 1998 the Recipient shall submit a project completion report pursuant to Section 9.06 (c) of the General Conditions.

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part B hereof, vehicles and goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).
2. To the extent practicable, contracts for goods and equipment shall be grouped into bid packages estimated to cost the equivalent of \$250,000 or more each.

Part B: Other Procurement Procedures

1. Civil works, up to an amount equivalent to \$330,000, may be awarded on the basis of competitive bidding advertised locally (LCB). The remainder, up to an amount equivalent to \$720,000, may be procured through direct contracting with the NGOs in charge of executing some of the Project site-specific components; LCB and direct contracting procedures to be satisfactory to the Trustee.
2. Items or groups of items estimated to cost the equivalent of \$250,000 or less per contract, up to an aggregate amount equivalent to \$270,000, may be procured under contracts awarded on the basis of LCB, in accordance with procedures satisfactory to the Trustee.
3. Vehicles for an aggregate amount not exceeding the equivalent of \$140,000 and goods for an aggregate amount not exceeding the equivalent of \$400,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers, from at least two different countries eligible under the Guidelines, in accordance with procedures satisfactory to the Trustee.

Part C: Review by the Trustee of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:
 - (a) With respect to each contract estimated to cost the equivalent of \$130,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that two conformed copies of the contract required to be furnished to the Trustee pursuant to said paragraph 2 (d) shall be furnished to the Trustee prior to the making of the first payment out of the Special Account in respect of such contract.
 - (b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract, together with the other information required to be furnished to the Trustee pursuant to said paragraph 3, shall be furnished to the Trustee as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.
 - (c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the GET Grant Account are to be made on the basis of statements of expenditure.
2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Recipient in carrying out the Project, the Recipient shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Trustee. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Trustee on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by The World Bank as Executing Agency" published by the Bank in August 1981.

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3), (4) and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the GET Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$250,000 to be withdrawn from the GET Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Trustee has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Trustee a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Trustee shall, on behalf of the Recipient, withdraw from the GET Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Trustee requests for deposits into the Special Account at such intervals as the Trustee shall specify.

(ii) Prior to or at the time of each such re-quest, the Recipient shall furnish to the Trustee the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Trustee shall, on behalf of the Recipient, withdraw from the GET Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Trustee from the GET Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Trustee shall reasonably request, furnish to the Trustee such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Trustee shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Trustee shall have determined that all further withdrawals should be made by the Recipient directly from the GET Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the GET Grant allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Trustee pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the GET Grant Account of the remaining unwithdrawn amount of the GET Grant allocated to the eligible Categories shall follow such procedures as the Trustee shall specify by notice to the Recipient. Such further withdrawals shall

be made only after and to the extent that the Trustee shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Trustee shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule or otherwise not consistent with the provisions of this Agreement; or (ii) was not justified by the evidence furnished to the Trustee, the Recipient shall, promptly upon notice from the Trustee: (A) provide such additional evidence as the Trustee may request; or (B) deposit into the Special Account (or, if the Trustee shall so request, refund to the Trustee) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Trustee shall otherwise agree, no further deposit by the Trustee into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Trustee shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Trustee, refund to the Trustee such outstanding amount.

(c) The Recipient may, upon notice to the Trustee, refund to the Trustee all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Trustee made pursuant to paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the GET Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

