

**CONFORMED COPY**

**GEF TRUST FUND GRANT NUMBER TF055580 -TA**

# **Global Environment Facility Trust Fund Grant Agreement**

**(Marine and Coastal Environment 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 August 25, 2005**

**GEF TRUST FUND GRANT NUMBER TF055580 –TA**

**GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT**

AGREEMENT, dated August 25, 2005, between UNITED REPUBLIC OF TANZANIA (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds (the GEF Trust Fund Grant) provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, *inter alia*, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution 94-2);

(C) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2;

(D) the Recipient has also requested the International Development Association (the Association) to provide additional financing and by an agreement of even date herewith between the Recipient and the Association (the Development Credit Agreement), the Association has agreed to provide such assistance in an aggregate principal amount equivalent to thirty-three million, nine hundred thousand Special Drawing Rights (SDR33,900,000) (the Credit) for complementary activities set forth in Schedule 2 of the said Development Credit Agreement; and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the GEF Trust Fund 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 for Single Currency Loans” of the Bank, dated May 30, 1995 (as amended through May 1, 2004), 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 (2), (3), (4), (5), (6), (7), (8), (14), (15), (16), (18) and (21), 2.02 and 2.03;
  - (iii) Section 3.01;
  - (iv) Sections 4.01 and 4.06;
  - (v) Article V;
  - (vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (i), (l), (m), (n), (o) and (p), 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 (c), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Bank”, wherever used in the General Conditions, other than in Sections 2.01 (6), 6.02 (f) and 5.01 (a) thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;
  - (ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;

- (iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
- (iv) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;
- (v) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account;
- (vi) Section 5.08 of the General Conditions is amended to read as follows:

“Section 5.08. *Treatment of Taxes*

Except as otherwise provided in the GEF Trust Fund Grant Agreement, the proceeds of the Grant may be withdrawn to pay for taxes levied by, or in the territory of, the Recipient on the goods or services to be financed under the Grant, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Bank’s policy of requiring economy and efficiency in the use of the Grant proceeds. To that end, if the Bank shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Grant is excessive or otherwise unreasonable, the Bank may, by notice to the Recipient, adjust the percentage for withdrawal set forth or referred to in respect of such item in the GEF Trust Fund Grant Agreement as required to be consistent with such policy of the Bank.”

- (vii) a new subparagraph is added after subparagraph o) in Section 6.02 of the General Conditions, as follows: “an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF.”
- (viii) the words “corrupt or fraudulent” in paragraph (c) of Section 6.03 are replaced with the words “corrupt, fraudulent, collusive or coercive”.

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) “Coastal Districts” means the Districts of Bagamoyo, Mafia, Mkuranga, Rufiji, Ilala, Kinondoni, Temeke, Kilwa, Lindi, Mtwara, Muheza, Pangani, Tanga, and the Zanzibar Districts;

(b) “Collaborating Agencies” means the Recipient’s Ministry of Foreign Affairs, the Ministry of Trade and Industry, the Ministry of Finance, the Ministry of Lands and Human

Development, the Ministry of State, Regional Administration and Special Departments, the Navy, the Coast Guard (KMKM), the Marine Police, the Port Authorities, the National Environmental Council, the Meteorology Department, the President's Office – Regional Administration and Local Government, the Vice President's Office, local universities and research institutions, the National Protected Areas Board of Zanzibar, and the Antiquities Departments of Mainland Tanzania and Zanzibar, respectively;

(c) “Community Managed Area” or “CMA” means an area of marine environment that is reserved under national, tribal or local laws and regulations to provide long-term protection for part or all of the natural and cultural resources located therein, and is managed jointly by local communities and local governments based on collaborative multi-Village management plans;

(d) “Community Mitigation Action Plan” or “CMAP” means the plan of action, acceptable to the Bank, to be prepared by the Recipient, prior to restricting access by local communities to legally designated parks and protected areas, describing specific measures to be undertaken to assist displaced persons under the Project and the proposed implementation arrangements;

(e) “Development Credit Agreement” means the agreement of even date herewith between the Recipient and the Association for the Project, as such agreement may be amended from time to time, and such term includes all schedules and agreements supplemental to the Development Credit Agreement;

(f) “District” means an administrative area established pursuant to Section 6 of the Regions and Districts (Establishment Procedures) Act No. 12 of 1994 for Mainland Tanzania or pursuant to the Regional Administration Authority Act No. 1 of 1998 for Zanzibar, representing a designated area and population within the territory of the Recipient;

(g) “District MOU” means the memorandum of understanding to be entered into between the Recipient and each Coastal District falling within Mainland Tanzania, setting forth the implementation modalities for Part B of the Project;

(h) “Eligible Categories” means Categories 1 through 6, set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(i) “Eligible Expenditures” means the expenditures for goods, works and consultants' services referred to in Section 2.02 of this Agreement;

(j) “ESA” means the Environmental and Social Assessment dated January 24, 2005, approved by the Bank, setting forth *inter alia* an environmental and social screening process that will enable Project implementers to identify and assess potential adverse environmental and social impacts, offset and reduce them to acceptable levels, or to enhance positive impacts, and in accordance with which management plans will be prepared and submitted to the Bank for its approval, as the said Assessment may be amended from time to time with the concurrence of the Bank;

(k) “Exclusive Economic Zone” or “EEZ” means the marine zone established pursuant to Section 7 of the Recipient’s Territorial Sea and Exclusive Economic Zone Act No. 3 of 1989, extending two hundred (200) nautical miles from the baselines from which the breadth of the territorial water is measured;

(l) “EEZ Governance Facilitation Team” or “EGFT” means the team created to support the implementation of the Project pending the establishment of the proposed EEZ authority, and referred to in paragraph 5 of Part A of Schedule 4 to this Agreement;

(m) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(n) “Fiscal Year” or “FY” means the Recipient’s fiscal year which commences on July 1 of each calendar year and ends on June 30 of the following calendar year;

(o) “MACEMP” means the Marine and Coastal Environment Management Project;

(p) “Mainland Tanzania”, as defined in the Recipient’s constitution, means the whole of the territory of the Recipient which was formerly the territory of the Republic of Tanganyika;

(q) “MANREC” means the Ministry of Agriculture, Natural Resources, Environment and Cooperatives for Zanzibar;

(r) “MANREC GEF Special Account” means the special deposit account opened for Zanzibar for withdrawals in respect of expenditures to be financed from the GEF Trust Fund Grant for the Project, and referred to in Part B.1 of Schedule 1 to this Agreement;

(s) “MANREC MACEMP Management Team” or “MANREC MMT” means the team established by the Recipient to support MANREC in the implementation of the Project, referred to in paragraph 6 of Part A of Schedule 4 to this Agreement;

(t) “Marine Legacy Fund” or “MLF” means the fund referred to in Part A.1 (b) of Schedule 2 to this Agreement to be established by the Recipient, as a long-term financing mechanism for the sustainable management of marine resources;

(u) “Marine Management Area” or “MMA” means an area of the marine environment that is reserved under national, tribal, or local laws and regulations to provide long-term protection for part or all of the natural and cultural resources located therein;

(v) “Marine Protection Area” or “MPA” means an area of the marine environment that is established under the Marine Parks and Reserves Act of 1994 of Mainland Tanzania and the Fisheries Act of 1988 of Zanzibar, respectively, to provide long-term protection for part or all of the natural and cultural resources located therein;

(w) “MNRT” means the Ministry of Natural Resources and Tourism for Mainland Tanzania;

(x) “MNRT GEF Special Account” means the special deposit account opened for Mainland Tanzania for withdrawals in respect of expenditures to be financed from the GEF Trust Fund Grant for the Project, and referred to in Part B.1 of Schedule 1 to this Agreement;

(y) “MNRT MACEMP Management Team” or “MNRT MMT” means the team established by the Recipient to support MNRT in the implementation of the Project, referred to in paragraph 6 of Part A of Schedule 4 to this Agreement;

(z) “Process Framework” means the framework dated December 15, 2004, approved by the Bank, setting forth the governing framework for the mitigation of adverse impacts on the livelihoods of displaced persons in cases where there is an involuntary restriction of access to legally designated parks and protected areas, and in accordance with which CMAPs will be prepared and submitted to the Bank for its approval, as the said Framework may be amended from time to time with the concurrence of the Bank;

(aa) “Procurement Plan” means the Recipient’s procurement plan, dated April 7, 2005 covering at least the initial 18 month period of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods of Project implementation;

(bb) “PIM” or “Project Implementation Manual” means the manual, satisfactory to the Bank, setting forth the implementation arrangements for the Project including *inter alia* financial management, disbursement, procurement, monitoring and evaluation procedures, and the environmental and social safeguard procedures as the same may be amended from time-to-time with the concurrence of the Bank, and such term includes any schedules thereto;

(cc) “Project Steering Committee” or “PSC” means the committee referred to in paragraph 2 of Part A of Schedule 4 to this Agreement;

(dd) “Report-based Disbursements” means the Recipient’s option for withdrawal of funds from the Grant Account referred to in Part A.5 of Schedule 1 to this Agreement;

(ee) “Roster of Experts” means the experts who may from time to time be called upon to provide advisory services on the implementation of the Project, referred to in paragraph 4 of Part A of Schedule 4 to this Agreement;

(ff) “Special Accounts” means the MANREC and MNRT GEF Special Accounts;

(gg) “Tanzania Shilling” or “Tshs” means the lawful currency of the Recipient;

(hh) “Technical Committee” or “TC” means the committee referred to in paragraph 3 of Part A of Schedule 4 to this Agreement;

(ii) “Village” means a village registered as such pursuant to the provisions of the Recipient’s Local Government (District Authorities) Act No. 7 of 1982, as amended, representing a designated area and population in Mainland Tanzania; and

(jj) “Zanzibar”, as defined in the Recipient’s constitution, therein referred to as “Tanzania Zanzibar”, means the whole of the territory of the United Republic which formerly was the territory of the People’s Republic of Zanzibar and which was previously referred to as “Tanzania Visiwani”.

Section 1.03. Where the term “Village” is used in this Agreement, for purposes of Mainland Tanzania, it shall be deemed to apply equally to the equivalent administrative area in Zanzibar.

## **ARTICLE II**

### **The GEF Trust Fund Grant**

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount equal to ten million Dollars (\$ 10,000,000).

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

Section 2.03. The Closing Date shall be August 31, 2011, or such later date as the Bank shall establish. The Bank 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 MNRT and MANREC in Mainland Tanzania and Zanzibar, respectively, with due diligence and efficiency and in conformity with appropriate financial, administrative, social, cultural and technical 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 Bank shall otherwise agree, the Recipient shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the GEF



Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than 12 months after the date of the preceding Procurement Plan, for the Bank's approval.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the future operation of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

## **ARTICLE IV**

### **Financial Covenants**

Section 4.01. (a) The Recipient shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each Fiscal Year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Bank): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and

(iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of reports referred to in Part A.5 of Schedule 1 to this

Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Recipient shall:

- (i) retain, until at least one year after the Bank has received the audit report for, or covering, the Fiscal Year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such reports and statements of expenditure are included in the audit for each Fiscal Year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

Section 4.02 (a) Without limitation upon the Recipient's progress reporting obligations set out in paragraphs 10, 11 and 12 of Part E of Schedule 4 to this Agreement, the Recipient shall prepare and furnish to the Bank a Financial Monitoring Report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the GEF Trust Fund Grant, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Bank not later than 45 days after the end of the first calendar quarter, after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Bank not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Remedies of the Bank**

Pursuant to Section 6.02 (p) of the General Conditions, the following additional event is specified, namely that, that the Recipient shall have carried out changes with respect to the position of the Executive Director of the MLF or the composition of the Board of Directors

(or comparable organ(s)/officer(s) for the administration of the MLF) without consultation with the Bank.

## **ARTICLE VI**

### **Effectiveness, Termination**

Section 6.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 6.02. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

## **ARTICLE VII**

### **Representative of the Recipient; Addresses**

Section 7.01. The Minister for Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02 The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance

P. O. Box 9111  
Dar es Salaam  
Tanzania  
Cable address:  
TREASURY  
Dar es Salaam

Telex:  
41329

Facsimile:  
(255) 222 11 77 90

For the Bank:

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

Cable address:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423 (MCI) or  
64145 (MCI)

(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Dar es Salaam, United Republic of Tanzania, as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

By /s/ Gray S. Mgonja

Authorized Representative

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

By /s/ Judy O'Connor

Authorized Representative

**SCHEDULE 1****Withdrawal of the Proceeds of the GEF Trust Fund Grant**A. General

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

<u>Category</u>	Amount of the GEF Trust Fund Grant Allocated (Expressed in <u>Dollars</u> )	% of Expenditures to be <u>Financed</u>
(1) Goods		100%
(a) Mainland Tanzania	1,500,000	
(b) Zanzibar	1,200,000	
(2) Works		100%
(a) Mainland Tanzania	110,000	
(b) Zanzibar	275,000	
(3) Consultant Services		100%
(a) Mainland Tanzania	1,200,000	
(b) Zanzibar	900,000	
(4) Training		100%
(a) Mainland Tanzania	750,000	
(b) Zanzibar	500,000	
(5) Operating Costs		100%
(a) Mainland Tanzania	1,000,000	
(b) Zanzibar	1,300,000	
(6) Marine Legacy Fund under Part A.1 (b) of the Project	250,000	100% of amounts disbursed
(7) Unallocated	1,015,000	
TOTAL	<u>10,000,000</u> =====	

2. For the purposes of this Schedule, the term “Operating Costs” means the incremental operating costs on account of Project coordination, implementation and monitoring carried out, as the case may be, by the MNRT and MANREC MMTs, the EEZ Governance Facilitation Team, and the Coastal Districts including office supplies, EGFT salaries, daily subsistence allowances, operation and maintenance costs for vehicles and equipment, utilities, communication charges, and workshop expenses, but excluding salaries of the Recipient’s civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; and (b) the MLF under Category 6 of the Project until: (i) the Bank has received from the Recipient evidence of the legal establishment of the said Fund that it considers satisfactory for this purpose; (ii) the Recipient has deposited its counterpart contribution of seven hundred fifty thousand Dollars (\$750,000) into the said Fund; and (iii) the Bank has approved the appointment of the Executive Director and the composition of the Board of Directors of the said Fund (or comparable organ(s)/officer(s) for the administration of the MLF).

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods; (b) works; (c) services of individual consultants; (d) services of consulting firms; (e) training; and (e) Operating Costs, all under such terms and conditions as the Bank shall specify by notice to the Recipient. After the first year of Project implementation, the Bank shall carry out a statement of expenditure audit as a basis for determining whether the use of statements of expenditure should be limited for subsequent contracts under the Project.

5. The Recipient may request withdrawals from the GEF Trust Fund Grant Account to be made on the basis of reports to be submitted to the Bank in form and substance satisfactory to the Bank, such reports to include the FMR and any other information as the Bank shall specify by notice to the Recipient (Report-based Disbursements). In the case of the first such request submitted to the Bank before any withdrawal has been made from the GEF Trust Fund Grant Account, the Recipient shall submit to the Bank only a statement with the projected sources and applications of funds for the Project for the quarter following the date of such request.

#### B. Special Accounts

1. The Recipient may open and maintain in Dollars the MNRT GEF Special Account and the MANREC GEF Special Account in a commercial bank acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.

2. After the Bank has received evidence satisfactory to it that the Special Accounts have been opened, withdrawals from the GEF Trust Fund Grant Account of amounts to be deposited into the Special Accounts shall be made as follows:

(a) if the Recipient is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) if the Recipient is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Accounts shall be made exclusively for Eligible Expenditures. For each payment made by the Recipient out of the Special Accounts, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into any Special Account:

(a) if the Bank, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Bank determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Recipient directly from the GEF Trust Fund Grant Account; or

(c) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (A) the records and accounts for the Special Accounts; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Bank shall not be required to make further deposits into the Special Accounts in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Special Accounts may be made and what procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

6. (a) If the Bank determines at any time that any payment out of any Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the respective Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into any 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 Bank determines at any time that any amount outstanding in any Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

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

(d) Refunds to the Bank made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the GEF Trust Fund Grant Agreement.



**Annex A**

**to**

**SCHEDULE 1**

**Operation of Special Accounts  
When Withdrawals Are Not  
Report-based Disbursements**

1. For the purposes of this Annex, the term “Authorized Allocation” means
  - (a) with respect to the MNRT GEF Special Account, for Categories 1 (a), 2 (a), 3 (a), 4 (a), 5 (a) and 6, the amount of one million Dollars (\$1,000,000) to be withdrawn from the GEF Trust Fund Grant Account and deposited into the said Special Account pursuant to paragraph 2 of this Annex; and
  - (b) with respect to the MANREC GEF Special Account, for Categories 1 (b), 2 (b), 3 (b), 4 (b) and 5 (b), the amount of one million Dollars (\$1,000,000) to be withdrawn from the GEF Trust Fund Grant Account and deposited into the said Special Account pursuant to paragraph 2 of this Annex.
2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Accounts shall be made as follows:
  - (a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the respective Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the respective Special Account such amount as the Recipient shall have requested.
  - (b) For replenishment of the Special Accounts, the Recipient shall furnish to the Bank requests for deposit into the respective Special Account at such intervals as the Bank shall specify. Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the respective 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 respective Special Account for Eligible Expenditures. Each such deposit into the respective Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.
3. The Bank shall not be required to make further deposits into the respective Special Account, once the total unwithdrawn amount of the GEF Trust Fund Grant minus the total

amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

**Annex B**

**to**

**SCHEDULE 1**

**Operation of Special Accounts**

**When Withdrawals Are  
Report-based Disbursements**

1. Withdrawals from the GEF Trust Fund Grant Account shall be deposited by the Bank into the Special Accounts in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Accounts shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.

2. Upon receipt of each application for withdrawal of an amount of the GEF Trust Fund Grant, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the respective Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the quarter following the date of such reports.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to strengthen the sustainable management and use of the Recipient's Exclusive Economic Zone, territorial seas, and coastal resources resulting in enhanced revenue collection, reduced threats to the environment, better livelihoods for participating coastal communities living in the Coastal Districts, and improved institutional arrangements.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve such objective.

#### Part A: Sound Management of the Exclusive Economic Zone

1. EEZ Planning Support: Supporting the Recipient's efforts towards the establishment of a common EEZ governance regime by: (a) developing an EEZ resource management strategy and an action plan for the implementation of the said strategy to facilitate the setting of sustainable fishing quotas and the corresponding issuance of fishing licenses, such strategy to include an environmental status monitoring system; and (b) designing the genetic value capture aspects of the MLF, and capitalization of the MLF as a financing mechanism for coastal and environmental management measures.

2. EEZ Common Governance Regime Implementation: Supporting the Recipient's proposed EEZ regulatory authority's administration and implementation of the fisheries management system for the EEZ including: (a) improving the monitoring, control and surveillance system to enforce adherence to the fisheries management system regulatory framework by *inter alia* providing the necessary equipment and infrastructure support, financing the operational cost of regular sea and aerial patrols, and installing a vessel monitoring system and developing standardized reporting formats setting forth *inter alia* target fish species and respective quantities; (b) implementing the EEZ resource management strategy developed in A.1 (a) above; and (c) carrying out of a capacity needs assessment of the proposed EEZ authority and fisheries staff within MNRT and MANREC and subsequent implementation of the capacity building and institutional strengthening program developed.

3. EEZ Management Partnerships:

(a) Facilitating regional dialogue on EEZ governance including: (i) developing regional quota systems for licensing relating to maximum sustainable yields of key commercial transboundary species; (ii) establishing information and knowledge sharing mechanisms for scientific data and lessons learnt in EEZ resource management; (iii) regional collaboration on transboundary fish stock assessments in the EEZ of West Indian Ocean states and the high seas, harmonization of activities, and sharing of lessons learnt for purposes of developing and implementing replicable strategies; (iv) supporting the participation of the relevant staff of the Recipient in relevant regional and international meetings; (v) finalizing agreements with the Republic of Comoros on its boundaries with the Recipient's EEZ; and (vi) developing a regional monitoring, surveillance and enforcement system including a regional vessel monitoring satellite

system, joint air and sea patrols, and mutual agreements for the hot pursuit of illegally operating fishing vessels into neighboring waters; and

(b) Supporting private sector dialogue relating to improvements in post-harvest fish processing, quality controls, and market access, both national and international, including the provision of training and equipment to strengthen the capacity of microfinance institutions to provide credit services for specific District-level investments such as the construction or rehabilitation of local ports, piers and processing facilities, and the purchase of coolers, freezers and trucks to store and transport produce to markets.

## Part B                    Sound Management of the Coastal Marine Environment

1.     Implementation of Network of MMAs, MPAs and CMAs:        Supporting        the implementation of the national MPA/MMA master plan through: (a) establishing of a national monitoring and evaluation system for habitats within and outside MPAs; (b) carrying out a communication and outreach campaign, including environmental education and awareness raising programs; (c) developing human resource capacity in MPA management in MNRT and MANREC through the development of a curriculum for a local masters degree program in coastal management and expansion of existing certificate and diploma programs, provision of scholarships, and participation in short-term training courses and exchange programs; (d) establishing new MPAs and CMAs including carrying out of an inventory of resources and socio-economic and ecological baseline studies of the proposed MPAs and CMAs, construction of office buildings and an information center, and provision of equipment to the MPAs and local communities; (e) financing direct investments and capacity building of local communities in existing and emerging MPAs and CMAs including: (i) developing of general management plans and co-management agreements; (ii) implementation of the activities included in the general management plans such as boundary demarcation, development of site infrastructure and start-up operations in emerging MPAs and CMAs; (iii) developing of specific management plans for activities related to *inter alia* tourism, mangroves, turtles and Village land use plans; and (iv) developing and implementing Community Mitigation Action Plans in accordance with the provisions of the Process Framework; and (f) financing environmentally friendly sustainable livelihood activities such as mariculture, and fishing gear exchange.

2.     ICM Partnerships:        Developing and supporting ICM partnerships through: (a) establishing transboundary MPAs to promote transboundary conservation initiatives of important marine biodiversity areas such as coral reefs; and (b) expanding community partnerships through carrying out of demonstrations of best practices in the management of coastal resources, preparing and implementing participatory fisheries management plans with the participation of coastal communities, identifying profitable environmentally and socially sustainable activities, and providing training to communities in coastal resource planning, coastal and fisheries management policies, livelihood skills, environmental regulations, monitoring and reporting.

\* \* \*

The Project is expected to be completed by February 28, 2011.

**SCHEDULE 3****Procurement**Section I. General

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower/Guarantor and works to be carried out by domestic contractors.

B. Other Procurement Procedures

1. National Competitive Bidding. Works estimated to cost less than \$2,000,000 equivalent per contract and Goods estimated to cost less than \$150,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding.

2. Shopping. Works and Goods estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

3. Direct Contracting. Goods which the Bank agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.

4. Procurement from UN Agencies. Goods estimated to cost less than \$50,000 equivalent per contract may be procured directly from Inter-Agency Procurement Services Agency in accordance with the provisions of paragraphs 3.1 and 3.9 of the Procurement Guidelines.

5. Community Participation. Goods, works and services required for Part C.1 of the Project estimated to cost less than \$50,000 equivalent per contract may be procured on the basis of community participation in accordance with the following procedures set forth in the PIM.

### Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract may comprise entirely national consultants.

#### B. Other Procedures

1. Quality-based Selection. Services for assignments which the Bank agrees meets the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

3. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

4. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

### Section IV. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Recipient, there shall be no Prior Review of contracts during the first year of Project implementation. Without prejudice to the foregoing, copies of all contracts that are procured on the basis of International Competitive Bidding and Quality- and Cost-based Selection shall promptly be furnished to the Bank. After the first year of Project implementation, the Bank shall carry out a procurement audit to be used as the basis for determining the conduct of Prior Review for subsequent contracts under the Project and for updating the Procurement Plan, as necessary. All contracts, with the exception of those for which the Bank may require a Prior Review, shall be subject to Post Review by the Bank.

## SCHEDULE 4

### Implementation Program

Part A:            Project Management

1.        The Recipient shall ensure that the Project is implemented in accordance with the PIM, and except as the Bank shall otherwise agree, shall not amend or waive any of its provisions, if such amendment or waiver may in the opinion of the Bank materially or adversely affect the implementation of the Project.

2.        Project Steering Committee:

(a)        Membership: The Recipient shall maintain the PSC under terms of reference and with a membership composition that is satisfactory to the Bank which shall include the Permanent Secretary, Vice President's Office, the Permanent Secretaries of MNRT and MANREC, and the Permanent Secretaries responsible for Finance, and Local Administration, from Mainland Tanzania and Zanzibar, respectively.

(b)        Role: The PSC shall meet at least semi-annually and shall be responsible for providing overall policy guidance for the Project. Without limitation to the generality of the foregoing, the PSC shall *inter alia*: (i) provide guidance on Project implementation strategy, and on policy, institutional and regulatory reform, including the common governance regime of the EEZ; (ii) coordinate the participation of, and linkages among, Collaborating Agencies, to ensure consistency with sector policies and adherence to established norms and standards; (iii) approve annual work plans and semi-annual updates; (iv) review annual progress reports, financial statements and audit reports; (v) oversee the hiring of the key staff of the EEZ Governance Facilitation Team; and (vi) resolve any disputes.

3.        Technical Committee:

(a)        Membership: The Recipient shall maintain the TC under terms of reference and with a membership composition that is satisfactory to the Bank, which shall include the Director of Fisheries, MNRT and the Director of Fisheries, MANREC, as co-chairs, the Director of Poverty Eradication and the Director of Environment in the Vice President's office, the Director General of the National Environment Management Council, the Director of Environment of Zanzibar, the respective Directors of Regional Administration and Local Government in Tanzania Mainland and Zanzibar, the Director of Commercial Crops, Fruit and Forestry in Zanzibar and one private sector representative from a marine-related industry from Mainland Tanzania and Zanzibar, respectively.

(b)        Role: The TC shall meet at least quarterly, and shall be the technical advisory body to the PSC. Without limitation to the generality of the foregoing, the TC shall *inter alia*: (i) provide technical information to the PSC to facilitate policy decision making and encourage high-level commitment towards improved sustainable management of the Recipient's marine and coastal eco-systems; (ii) review annual work plans and progress reports; (iii) provide guidance on strategic decisions based on the results of the Project's monitoring system, and



advise on the need for research studies related to policy initiatives; (iv) serve as a forum for cooperation among Collaborating Agencies; (iv) coordinate and support national and regional partnerships with the overall objective of adopting a long-term approach towards the sound management of marine and coastal ecosystems; and (v) provide advice on the engagement of the key staff of the MNRT and MANREC MMTs.

4. Roster of Experts:

The Recipient shall ensure that a Roster of Experts is maintained through out Project implementation to act as a resource available to the Project to carry out quality control, due diligence and risk mitigation; the services of such experts to be drawn upon on an as needed basis to carry out tasks that shall include: (i) advising the TC on ongoing or planned research studies; (ii) reviewing the terms of reference for activities to be undertaken under the Project; and (iii) reviewing the reports provided under the various consultancies initiated under the Project.

5. EEZ Governance Facilitation Team:

(a) Staffing:

The Recipient shall maintain the EGFT for such period as shall be agreed upon with the Bank adequately staffed with persons with terms of reference, qualifications and experience that are satisfactory to the Bank, including a team leader, development communication specialist, monitoring and evaluation specialist, financial management specialist, procurement specialist and administrative assistant.

(b) Role:

The EGFT shall *inter alia*: (i) facilitate the preparation and implementation of annual work plans by the MNRT and MANREC MMTs; (ii) prepare consolidated annual work plans, financial, and monitoring and evaluation reports for the Project; (iii) provide such technical support as shall be required by the MNRT and MANREC MMTs in financial management, procurement, and monitoring and evaluation; (iv) address cross-cutting issues arising under Part A of the Project, including related procurement; (v) establish, maintain and coordinate access to the Roster of Experts; and (vi) provide operational support to the PSC and TC.

6. MNRT and MANREC MACEMP Management Teams:

(a) Membership:

The Recipient shall maintain through out Project implementation the MNRT and MANREC MMTs, each team composed of at least a MACEMP manager, procurement officer, accountant, CVF coordinator, and an administrative assistant. The Recipient shall to the extent possible ensure consistency in the composition of the said teams through out Project implementation.

(b) The MNRT and MANREC MMTs shall be responsible for the respective day to day implementation of the Project in Mainland Tanzania and Zanzibar, and without limitation to the generality of the foregoing shall *inter alia*: (i) prepare and implement annual work plans; (ii) carry out fund disbursement, financial management and procurement functions in a timely manner, including the preparation of FMRs for the Project; (iii) monitoring and evaluation of the Project; (iv) management of environmental, social and cultural impacts of the Project; and (v) preparation of progress reports.

Part B: Annual Work Plans and District MOUs.

7. (a) The Recipient shall ensure that annual work plans are prepared by the MACEMP Management Teams in collaboration with EGFT for each year of Project implementation and submit to the Bank for its review and subsequent approval such work plans by May 31 of each calendar year.

(b) The Recipient shall ensure that it enters into a District MOU with each of the Coastal Districts for Part B of the Project, and shall ensure that the Project is implemented in accordance with the terms and conditions set forth in such District MOU.

Part C: Marine Legacy Fund Operations

8. Without limitation to the generality of Section 3.01 of this Agreement, the Recipient shall ensure that the operations of the MLF are conducted in a manner that is satisfactory to the Bank, and to this end: (a) the Board of Directors and/or the Executive Director of the MLF (or comparable organ(s)/officer(s) for the administration of the MLF) should exercise control over the use of the resources of the Fund; (b) shall consult with the Bank prior to effecting any changes relating to the position of the Executive Director or the composition of the Board of Directors (or comparable organ(s)/officer(s) for the administration of the MLF) throughout the duration of the Bank's supervision of Project implementation and, in any event, for a period of not less than 3 years after the latest capitalization of the Fund with GEF proceeds; (c) the Bank shall have the right to request audits of the MLF throughout the duration of the Bank's supervision of Project implementation; and (d) shall ensure that the funds deposited in the MLF are used to finance expenditures made or to be made in respect of goods, works and services for the Project in accordance with the Bank's Procurement Guidelines and Consultant Guidelines, as the case may be.

Part D: Measures Pertaining to Environmental, Social, Cultural and Disputed Areas

9. ESA and Process Framework:

(a) The Recipient shall implement the Project in accordance with the ESA and the Process Framework. Without limitation to the generality of the foregoing:

- (i) the Recipient shall ensure that an environmental and social impact assessment in a form that is satisfactory to the Bank is carried out, as necessary, based on the results of the environmental and social screening process;

- (ii) in the event that the environmental and social impact assessment carried out under sub-paragraph 8 (a) (i) above establishes the presence of a potential negative environmental or social impact, the Recipient shall ensure that a management plan that is satisfactory to the Bank is prepared and implemented to mitigate against the potential negative impact(s);
- (iii) without limitation to the generality of sub-paragraph 8 (a) (ii) above, if it is determined that an activity to be implemented under the Project would involve adverse impacts on the livelihoods of displaced persons in cases where there is an involuntary restriction of access to legally designated parks and protected areas, the Recipient shall ensure that the CMAPs that are satisfactory to the Bank are prepared and implemented for the benefit of the affected persons; and
- (iv) the Recipient shall ensure that the Project is implemented in such a manner as to ensure the protection and preservation of cultural properties identified under the Project.

(b) the Recipient shall ensure that, pursuant to the provisions of Part A.3 (v) of the Project, the agreement with the Republic of Comoros setting the boundaries with the Recipient's EEZ is completed.

Part E: Progress Reporting, Monitoring and Evaluation

10. Quarterly progress reports:

Without limitation to the provisions of Section 4.02 of this Agreement, the Recipient shall prepare, under terms of reference satisfactory to the Bank, quarterly progress reports for each calendar quarter, commencing calendar year 2005, and furnish to the Bank copies of such reports for its review and comments within one month of the end of the respective quarter. The Recipient shall undertake any corrective actions deemed by the Bank to be necessary to remedy any shortcomings identified in the implementation of the Project.

11. Annual Progress Reports:

The Recipient shall prepare, under terms of reference satisfactory to the Bank, annual progress reports, on or about December 31 of each year of Project implementation, commencing calendar year 2006, and furnish to the Bank copies of such reports for its review and comments. The Recipient shall undertake any corrective actions deemed by the Bank to be necessary to remedy any shortcomings identified in the implementation of the Project.

12. Mid-term Review:

The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 5 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about December 31, 2008, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by February 28, 2009, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

**SCHEDULE 5****Performance Monitoring Indicators**

1. Revenue generation to the proposed EEZ authority is at the level of twenty million Dollars (\$20,000,000) at the close of the Project.
2. The MMA system is able to increase revenue generation to the level of at least one hundred fifty per cent (150%) of its recurrent costs at the close of the Project, up from forty per cent (40%).
3. The percentage of territorial seas under effective management increases from four per cent (4%) to ten per cent (10%) at the close of the Project.
4. The number of daily observations of vessel catch and effort entered into the Recipient's fisheries information management system increases from one thousand (1,000) to fifteen thousand (15, 000) per year at the close of the Project.