

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER 021424

Global Environment Facility
Trust Fund Grant Agreement

(Western Indian Ocean Islands Oil Spill Contingency Planning Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

and

INDIAN OCEAN COMMISSION

Dated February 22, 1999

GEF TRUST FUND GRANT NUMBER 021424

GLOBAL ENVIRONMENT FACILITY
TRUST FUND GRANT AGREEMENT

AGREEMENT, dated February 22, 1999, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank), acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF, and INDIAN OCEAN COMMISSION (the Recipient) a commission established pursuant to Accord Général de Coopération Entre les Etats Membres de la Commission de l'Océan Indien (dit Accord de Victoria), dated January 10, 1984, and acting on behalf of the Federal Islamic Republic of Comoros, the Republic of Madagascar, Republic of Mauritius and Republic of Seychelles (the Western Indian Ocean Island Countries);

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 to 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, authorized the first replenishment of the GEF Trust Fund and appointed the Bank as Trustee of the GEF Trust Fund (Resolution No. 94-2);

(C) the second replenishment of the GEF Trust Fund was approved on the basis set forth in Resolution No. 98-2 of July 14, 1998, of the Executive Directors of the Bank (Resolution No. 98-2);

(D) the Western Indian Ocean Island Countries having satisfied themselves as

to the feasibility and priority of the Project described in Schedule 2 to this Agreement, have requested assistance from 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 No. 94-2, and to be funded from contributions to the GEF Trust Fund under Resolution No. 98-2, which may include funds carried over from the first replenishment of the GEF Trust Fund under Resolution No. 94-2;

(E) Each of the Western Indian Ocean Island Countries has addressed a letter to the Bank (Letter of Commitment) requesting the Bank, that the resources of the GEF Trust Fund approved for the financing of the Project be provided directly to the Recipient under the terms and conditions set forth in this Agreement and declaring, inter alia, that such Western Indian Ocean Island Countries shall take all action necessary for the Recipient to carry out its obligations under this Agreement and undertaking certain other commitments on their part in this regard; 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 Currency Pool Loans of the Bank, dated January 1, 1985 (as amended through December 2, 1997), 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), (e), (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 (c), 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 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;
 - (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 GEF Trust Fund Grant;
- (vi) the term "Loan Account", wherever used in the General Conditions, means the GEF Trust Fund Grant Account;
- (vii) the second sentence of Section 5.01 is modified to read: "Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.";
- (viii) a new subparagraph is added after subparagraph (j) 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.";

(ix) the first sentence of Section 10.01 is deleted; and

(x) Section 10.04 is amended to read: "Any dispute arising out of or relating to this Agreement which is not settled by agreement of the parties shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules in force on the date of this Agreement. The place of Arbitration shall be Washington D.C. In the event of a conflict between the UNCITRAL arbitration rules and the terms of this Agreement, the terms of this Agreement shall govern.".

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) "IMO" means the International Maritime Organization, a United Nations Specialized Agency;

(b) "CLC92" means the International Convention on Civil Liability for Oil Pollution Damage, 1992, and its subsequent Protocols which came into force and effect on May 30, 1996;

(c) "FUND92" means the International Convention on the establishment of an International Fund for Oil Pollution Damage, 1992, and its subsequent Protocols which came into force and effect on May 30, 1996;

(d) "OPRC90" means the International Convention on Oil Pollution Preparedness and Response and Cooperation, 1990, and its subsequent Protocols which came into force and effect on May 13, 1995;

(e) "PIC" means the Project Implementation Coordinator appointed by each of the Western Indian Ocean Island Countries in their respective ministries responsible for environment to coordinate the national components of the Project to be carried out in the respective territories;

(f) "PIP" means the Project Implementation Plan, satisfactory to the Bank, to be adopted by the Recipient, pursuant to Section 7.01 of this Agreement, which contains, inter alia, the operating procedures for the carrying out of the Project, as the same may be amended from time to time, and such term includes any schedules to the PIP;

(g) "PMU" means the Project Management Unit referred to in paragraph 1 of Schedule 4 to this Agreement and established by the Recipient on March 10, 1998;

(h) "Special Account" means the account referred to in Section 2.02 (b) of

this Agreement; and

(i) "Steering Committee" means the Committee referred to in paragraph 2 of Schedule 4 to this Agreement, established by the Western Indian Ocean Island Countries and comprised of the senior officials in each country responsible for the Environment and chaired by the Secretary General of IOC or a representative designated by him.

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 in various currencies equivalent to two million three hundred and seventy-six thousand and one hundred Special Drawing Rights (SDR 2,376,100).

Section 2.02. (a) 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 and services required for carrying out of the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.

(b) The Recipient may, 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 Bank, 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 June 30, 2003, 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 with due diligence and efficiency, in conformity with appropriate international waters conservation 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. Except as the Bank shall otherwise agree, procurement of the goods and consultants' 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.

Section 3.03. For the purposes of Section 9.08 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 designed to ensure the sustainability of the Project; and

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

ARTICLE IV

Financial Conditions

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 and to register

separately the operations, resources and expenditures related to the Project.

(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 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, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested;
- (iii) furnish to the Bank as soon as available but in any case not later than three months after the end of each semester, a report by said auditors on the statements of expenditures referred to in paragraph (c) of this Section; and
- (iv) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall 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 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 Bank has received the audit report for 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;
- (iii) enable the Bank'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

Other Covenants

Section 5.01. The Recipient shall carry on its business and operations, and otherwise conduct all its affairs, in accordance with sound professional, administrative, international waters and biodiversity protection, ecological, economic and financial practices, and in accordance with appropriate environmental standards, acceptable to the Bank, and at all times under the supervision of qualified and experienced management assisted by competent staff.

Section 5.02. The Recipient shall, at all times, operate and maintain its business, equipment and other property, and from time to time, promptly as needed, take all necessary remedial measures and make all necessary repairs thereof.

Section 5.03. The Recipient shall take out and maintain with responsible insurers, or make other provisions acceptable to the Bank, for insurance against such risks and in such amounts as shall be consistent with reasonable practice to carry out its obligations under this Agreement.

Section 5.04. The Recipient shall promptly take all measures necessary to acquire, maintain, renew and otherwise exercise all rights, powers, privileges, registrations and franchises required for the proper conduct of its business and operations, and otherwise for its proper carrying out of all its obligations under

this Agreement.

Section 5.05. The Bank is not an agent of or trustee for the Recipient and shall not have any fiduciary duty toward, or relationship with, the Recipient.

ARTICLE VI

Remedies of the Bank

Section 6.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified:

(a) any of the Western Indian Ocean Island Countries having jurisdiction over the Recipient shall have taken any action for the dissolution or disestablishment of the Recipient, or for the suspension of any of its operations so as to affect materially and adversely its ability to perform any of its obligations under this Agreement or otherwise carry out its respective parts of the Project, or any part thereof;

(b) any of the Western Indian Ocean Island Countries shall have taken any action, including the enactment or issuance of laws or regulations, which, in the opinion of the Bank, may adversely affect, prevent, or interfere with, the carrying out of the Project or the performance by the Recipient of any of its obligations under this Agreement;

(c) any of the Western Indian Ocean Island Countries shall have failed to afford reasonable opportunities for representatives of the Bank to visit any part of its territory for purposes related to the Project in accordance with the terms and conditions of the relevant Letter of Commitment;

(d) the Recipient shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by the Recipient or by others whereby any of the assets of the Recipient shall or may be distributed among its creditors; or

(e) any of the Western Indian Ocean Island Countries: (i) shall have been suspended from membership in or ceased to be a member of the Bank; or (ii) shall have ceased to be a member of the International Monetary Fund.

ARTICLE VII

Effectiveness; Termination

Section 7.01. The following event is specified as a condition to the effectiveness of the GEF Trust Fund Grant within the meaning of Section 12.01(c) of the General Conditions, namely that the PIP, in form and substance acceptable to the Bank, has been adopted by the Recipient.

Section 7.02. 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 7.03. 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 VIII

Representatives of the Recipient; Addresses

Section 8.01. The Secretary General of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 8.02 The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Indian Ocean Commission
Q4, Avenue Sir Guy Forget
P.O. Box 7
Quatre Bornes
Mauritius

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:

 INTBAFRAD 248423 (MCI)
 Washington, D.C. 64145 (MCI)

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
as an implementing agency of the Global Environment Facility

By /s/ Callisto Madavo

Regional Vice President
Africa

INDIAN OCEAN COMMISSION

By /s/ Mohamed E. Caabi

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

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:

Category	Amount of the GEF Trust Fund Grant Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Equipment, goods and materials	533,700	100%
(2) Consultants' services	1,104,000	100%
(3) Training	550,600	100%
(4) Unallocated	187,800	
TOTAL	2,376,100	

2. 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.

3. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures for: (a) goods under contracts costing less than \$100,000 equivalent; (b) services for consulting firms costing less than \$100,000 equivalent; (c) services for individual consultants costing less than \$50,000 equivalent; and (d) travel and subsistence expenditures with respect to Consultants' services and training activities under the Project costing less than \$10,000 equivalent, per person.

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

SCHEDULE 2

Description of the Project

The objective of the Project is to protect the environmental integrity of the coastal and marine ecosystems of a large, biologically rich and relatively pristine part of the Western Indian Ocean.

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 objectives.

Part A: Legislation and Regulations for International Conventions

1. Carrying out a training program for legal officers from the Western Indian Ocean Island Countries at the IMO International Maritime Law Institute.

2. Carrying out a regional workshop on the procedures and other requirements for ratification and implementation of CLC92, FUND92, and OPRC90.

3. (a) Provision of technical advisory services to the Federal Islamic Republic of Comoros and the Republic of Madagascar to assist in the preparation for the ratification of CLC92, FUND92, and OPRC90, and to develop or upgrade the national legal framework to take account of relevant provisions.

(b) Provision of technical advisory services to assist Western Indian Ocean Countries in drafting the legislation required for the implementation of the provisions of CLC92, FUND92, and OPRC90.

4. Upgrading the national legislative framework in the Western Indian Ocean Island Countries to take account of the provisions of CLC92, FUND92, and OPRC90.

Part B: National Oil Spill Contingency Plans

1. Provision of oil spill response training up to IMO Level 3 standard for nationals of the Western Indian Ocean Island Countries.

2. Establishment of national contingency planning processes in the Western Indian Ocean Island Countries through the provision of technical advisory services and training.

3. Carrying out of environmental sensitivity mapping and related workshops.

4. Testing and refining of national contingency plans in the Western Indian Ocean Island Countries.

Part C: Oil Spill Response Equipment

1. Preparation of specifications for equipment needs for Tier 1 oil spill response for each of the countries.

2. Acquisition of equipment to provide each country with a basic set of Tier 1 equipment, and storage facilities.

3. Carrying out training of basic operators and on-site maintenance training for such equipment.

4. Carrying out national exercises under the national contingency plans referred to

in Part B above.

Part D: National Capacity Building

1. Designing and carrying out workshops, to identify and resolve issues raised during Project implementation.
2. Training of trainers to provide additional levels of skills to personnel from the Western Indian Ocean Island Countries to enable them to deliver courses on oil spill management.
3. Provision of technical advisory services and guidance in specific matters relating to national contingency plans, oil spill equipment, effects of oil in the marine environment, risk-assessment and development of appropriate response strategies.
4. Attendance by selected candidates at selected international seminars on oil pollution, technology and other related matters.
5. Provision of technical advisory services on developing, reviewing, and testing an oil spill response manual.

Part E: Regional Institutional Strengthening

1. Carrying out a workshop on the CLC92, FUND92, and OPRC90 to explore appropriate avenues for regional cooperation and support.
2. Carrying out of training programs and seminars to address regional oil-spill related issues.
3. Development of regional contingency plans to create a sustainable agreement among the Western Indian Ocean Island Countries on how to respond to major oil spills in the region.

* * *

The Project is expected to be completed by December 31, 2002.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and September 1997 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

Part C: Other Procurement Procedures

1. International Shopping

Goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$70,000 equivalent, may be procured under contracts, awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and

approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short-list of consultants for services estimated to cost less than \$100,000 equivalent per contract, may comprise entirely regional or national consultants in accordance with the provisions of paragraphs 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for financial audits may be procured under contracts, awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultants Guidelines.

2. Individual Consultants

Services under Part A of the Project shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of less than \$200,000 but more than \$100,000, and all financial management assistance and audit contracts, the procedures set forth in paragraph 1, 2 (other than the second subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 1 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

1. The Recipient shall maintain until completion of the Project a PMU, headed by a Regional Coordinator, with terms of reference, qualifications and experience satisfactory to the Bank. The PMU shall be guided by the Steering Committee.

2. PMU shall be responsible for overall Project coordination and implementation and shall work closely with the PIC in the ministry responsible for the environment in each Western Indian Ocean Island Country.

3. (a) Except as the Bank shall otherwise agree, the Recipient shall, in carrying out the Project, apply the guidelines and procedures specified in the PIP and shall not amend the PIP or waive any provision thereof, which, in the opinion of the Bank, will materially or adversely affect the implementation of the Project.

(b) The Recipient shall: (i) not later than January 31, of each year, furnish to the Bank for approval the annual work plan for the Project; and (ii) carry out the activities for the year in question on the basis of such annual work plan.

4. The Recipient shall, commencing January 31, 1999, furnish to the Bank every six months progress reports on implementation of the Project.

5. The Recipient shall: (a) prepare and furnish to the Bank, for its approval, semiannual programs and budgets, commencing January 31, 1999, for all training activities, seminars and workshops for the following six month period; and

(b) carry out only such activities as shall have been approved by the Bank.

6. The Recipient shall: (a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators referred to in the Annex to this Schedule, satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under the terms of reference satisfactory to the Bank, and furnish to the Bank, on or about September 30, 2000, a report integrating inter alia: (i) 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 the status of implementation of the institutional and financial sustainability action plans adopted by each of the Western Indian Ocean Island Countries 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 December 31, 2000, 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

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of the Project;

(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 GEF Trust Fund 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 \$200,000 to be withdrawn from the GEF Trust Fund 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 Bank 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 Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund 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 Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) 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 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 Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund 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 Bank from the GEF Trust Fund 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 Bank shall reasonably request, furnish to the Bank 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 Bank shall not be required to make further deposits into the Special Account:

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

(b) 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 the records and accounts for the Special Account;

(c) 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 the provisions of

Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible, minus the total amount of all outstanding special commitments entered into by the Bank 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 GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories 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 Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank 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 (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank 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 Bank 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 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 Account.

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

