

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF090543 - ET

Global Environment Facility Trust Fund Grant Agreement

(Africa Stockpiles Programme – Project 1)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated July 13, 2007

GEF TRUST FUND GRANT NUMBERTF090543 – ET

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated July 13, 2007, between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (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 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 Africa Stockpiles Programme (the Program), has requested assistance from the resources of the GEF Trust Fund for funding the project described in Schedule 2 to this Agreement (the Project) as one of the countries participating in the first phase of the Program, and the said request has 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) Other donors are expected to contribute to the financing of the Program under terms and conditions consistent with those set forth in this Agreement and the Program Operations Manual (as hereinafter defined); 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 (c), (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 Loan Agreement, the proceeds of the Loan may be withdrawn to pay for taxes levied by, or in the territory of, the Borrower on the goods, works, Disposal Services or services to be financed under the Loan, 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 proceeds of its loans. 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 Loan is excessive or otherwise unreasonable, the Bank may, by notice to the Borrower, adjust the percentage for withdrawal set forth or referred to in respect of such item in the Loan Agreement as required to be consistent with such policy of the Bank.”; and

- (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.”

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) “Associated Waste” means materials that are contaminated by Obsolete Pesticides, including, *inter alia*, containers, equipment, buried pesticides, and heavily contaminated soils where the Bank agrees that those soils are within the Project scope;
- (b) “Category” means each item to be financed out of the proceeds of the GEF Trust Fund Grant as set forth in the table in paragraph 1 of Schedule 1 to this Agreement, and the term Categories shall mean more than one item or all items collectively, as the case may be;

- (c) “CESA” means the Project-specific environmental and social assessment, acceptable to the Bank and consistent with the ESASR, that evaluates the Project's potential environmental risks and impacts in its area of influence; examines Project alternatives; identifies ways of improving Project selection, siting, planning, design, and implementation by preventing, minimizing, mitigating, or compensating for adverse environmental impacts and enhancing positive impacts; and includes the process of mitigating and managing adverse environmental impacts throughout Project implementation. The CESA shall also include an environmental management plan, acceptable to the Bank, to be prepared by the Recipient in accordance with the ESASR and the POM, and finalized after completing the preparation of the inventory of Obsolete Pesticides under Part A of the Project, identifying the specific measures to be implemented to mitigate adverse environmental impacts under the Project;
- (d) “Conventions” means, collectively: (i) the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal Adopted by the Conference of the Plenipotentiaries on March 22, 1989, and entering into force in May, 1992, pursuant to paragraph 1 of Article 25 of the said convention (“the Basel Convention”); (ii) the Stockholm Convention on Persistent Organic Pollutants (POPs) entering into force on May 17, 2004, pursuant to paragraph 1 of Article 26 of the said convention (“the Stockholm Convention”); and (iii) the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade entering into force on February 24, 2004, pursuant to paragraph 1 of Article 26 of the said convention (“the Rotterdam Convention”);
- (e) “Country Operations Manual” or “Country OM” means the Recipient’s Project operations manual, to be adopted by the Recipient, setting forth, *inter alia*, Project specific institutional, technical, procurement, financial management, disbursement, and environmental and social management procedures, as the said Manual may be amended from time to time with the prior approval of the Bank;
- (f) “Disposal Services” means services related to the treatment or disposal of Obsolete Pesticides and Associated Waste under Part B of the Project;
- (g) “ESASR” means the Environmental and Social Assessment Synthesis Report dated March 17, 2004, accepted by the Bank, identifying and assessing the potential environmental and social impacts of the Program, and such term shall include any schedules to the said assessment;
- (h) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;
- (i) “Fiscal Year” or “FY” means the Recipient’s fiscal year which commences on July 8 of each calendar year and ends on July 7 of the following calendar year;

- (j) “MOARD” means the Recipient’s Ministry of Agriculture and Rural Development, and includes any successor thereto;
- (k) “Obsolete Pesticides” means pesticide products: (i) whose usage is prohibited or severely restricted for environmental or health reasons by applicable provisions of the Conventions, and/or national law consistent with the Conventions; or (ii) that have deteriorated as a result of improper or prolonged storage and can neither be used in accordance with label specifications nor easily reformulated for use; or (iii) that cannot be used for their intended purpose, and cannot be easily modified to accomplish such purpose or some other purpose;
- (l) “Procurement Plan” means the Recipient’s procurement plan, dated March 22, 2007, covering the initial eighteen (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 eighteen (18) month periods of Project implementation;
- (m) “Program Operations Manual” or “POM”, means the generic operations manual, dated May 11, 2005, accepted by the Bank, setting forth the implementation arrangements for the Program as a whole, as such manual may be amended from time to time with the approval of the Bank;
- (n) “PMT” means the Project Management Team established within the Recipient’s MOARD for the purposes set forth in paragraph 1 (a) of Schedule 4 to this Agreement;
- (o) “Public Authority” means any government department or agency, whether federal, regional, or otherwise, located in the territory of the Recipient;
- (p) “Publicly Held Obsolete Pesticides” means those Obsolete Pesticides which are in the legal ownership or custody of the Recipient or any Public Authority or any company or other entity owned or controlled in whole or in part by the Recipient or by any Public Authority, or become so owned or in such custody during the course of Project implementation; and
- (q) “Special Account” means the account referred to in Section 2.02 (b) to this Agreement.

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 two million six hundred twenty thousand Dollars (\$2,620,000), it being understood by the Recipient that pursuant to the provisions of Section 6.03 (b) of the General Conditions, the Bank may cancel such amounts of the GEF Trust Fund Grant allocated to Category (4) of paragraph 1 of Schedule 1 to this Agreement, that shall not be required for purposes of the Disposal Services.

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, works, consultant services, and Disposal Services, required for 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 a separate special deposit account in the National Bank of Ethiopia on terms and conditions that are satisfactory to the Bank. 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, 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 MOARD with due diligence and efficiency and in conformity with appropriate administrative, financial and pest management practices and with due regard to ecological and environmental factors and to the health and safety of workers, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Recipient shall duly and punctually perform all its obligations under the Conventions and shall exercise its rights thereunder in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Project, and without limitation to the generality of the foregoing, undertake all such actions as may be necessary to ensure the effective treatment and/or disposal of Obsolete Pesticides and Associated Waste under the Project.

(c) Without limitation upon the provisions of paragraphs (a) and (b) 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, consultants' services, and Disposal 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 twelve (12) months after the date of the preceding Procurement Plan, for the Bank's approval.

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 continued achievement of the objectives of the Project; and
- (b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

Section 3.04. For the avoidance of doubt, the Bank and Recipient agree that the Project activities are potentially hazardous, involving as they do potentially dangerous chemicals; that the Bank shall not be responsible for execution of the Project activities, including any activities undertaken by any partners in or contractors to the Project; that the Bank shall at no time during the course of the Project acquire any legal title to or obligations in respect of any Obsolete Pesticides, Associated Waste or the equipment used to dispose of, treat, handle or transport any of the same; and that the Bank shall not be liable if the Project activities cause any loss or damage of any kind whatsoever.

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 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 4 and 5 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

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

- (a) the Recipient shall have withdrawn from or delivered a written notice of its intention to withdraw as a party to the Conventions, or any one thereof;
- (b) the Recipient shall have failed to perform any of its obligations under the Conventions, which in the opinion of the Bank would materially and adversely affect the carrying out of the Project;
- (c) the CESA shall have been amended so as, in the opinion of the Bank, to materially and adversely affect the carrying out of the Project;
- (d) the Country OM shall have been amended so as, in the opinion of the Bank, to materially and adversely affect the carrying out of the Project;
- (e) a situation arises which shall make it improbable that the Project or any significant part thereof shall be carried out; and
- (f) (i) subject to subparagraph (ii) of this paragraph, the right of the Recipient to withdraw the proceeds of any grant made to the Recipient for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor.

- (ii) subparagraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Bank that:
 - (A) such suspension, cancellation or termination is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and
 - (B) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

ARTICLE VI

Effectiveness; Termination

Section 6.01. This Agreement shall become effective upon its execution by the parties.

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 their obligations hereunder.

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Minister of Finance and Economic Development 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 and Economic Development
P. O. Box 1905
Addis Ababa
Federal Democratic Republic of Ethiopia

Telex:	Facsimile:
21147	251-11-551355

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) 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 Addis Ababa, Federal Democratic Republic of Ethiopia, as of the day and year first above written.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By /s/ Sufian Ahmed

Authorized Representative

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

By /s/ Ishac Diwan

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:

<u>Category</u>	<u>Amount of the GEF Trust Fund Grant Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) Goods	560,000	100%
(2) Works	45,000	100%
(3) Consultant Services including audits	320,000	100%
(4) Disposal Services	600,000	100%
(5) Training and Workshops	160,000	100%
(6) Operating Costs	700,000	100%
(7) Unallocated	235,000	
	<u>2,620,000</u>	
TOTAL	<u>=====</u>	

2. For the purposes of this Schedule, the term “Operating Costs” means incremental operating costs on account of Project coordination, implementation, and monitoring activities carried out by the PMT including office supplies, utilities, printing, advertising, per diems, bank charges, maintenance and operation of Project motor vehicles, but excluding the salaries of the Recipient’s civil service.
3. Notwithstanding the provisions of paragraph 1 above: (a) no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement; and (b) expenditures incurred under Category (4) (Disposal Services) unless the Recipient has: (i) completed a detailed inventory of its Obsolete Pesticide stocks under Part A of the Project that is satisfactory to the Bank; and (ii) submitted to the Bank a CESA that is

satisfactory to the Bank and disclosed the said document in such manner as may be required by the Bank.

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 costing less than \$150,000 equivalent per contract; (b) works costing less than \$150,000 equivalent per contract; (c) services of individual consultants costing less than \$50,000 equivalent per contract; (d) services of consulting firms under contracts costing less than \$100,000 equivalent per contract; (e) Training and Workshops; and (f) Operating Costs, all under such terms and conditions as the Bank shall specify by notice to the Recipient.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Recipient in: (a) eliminating inventoried Publicly Held Obsolete Pesticide stocks and Associated Waste; and (b) implementing measures to reduce and prevent future related risks.

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: Obsolete Pesticides Inventory

Carrying out of a detailed inventory of the Recipient's Publicly Held Obsolete Pesticides stocks and Associated Waste through: (a) collection of data and compilation of a data base; (b) a risk-based prioritization of the stocks identified in the data base; and (c) preparation of the CESA.

Part B: Disposal of Obsolete Pesticides

Treatment and/or disposal of Publicly Held Obsolete Pesticides stocks and Associated Waste by: (a) carrying out of a technological assessment of available treatment and disposal options; (b) implementation of the treatment and/or disposal technology selected; (c) improving the operations of Obsolete Pesticide stocks collection centers, including store stabilization and safety measures at those centers; and (d) container management.

Part C: Prevention of Obsolete Pesticide Accumulation

Carrying out of activities aimed at preventing Obsolete Pesticide accumulation, including: (a) awareness raising activities on the Program, health and environmental hazards of pesticides, and integrated pest management (IPM); (b) a review and update of the legal and regulatory framework to control Obsolete Pesticide accumulation and strengthen enforcement mechanisms; (c) preparation of a pesticide management strategy; and (d) strengthening the pesticide management capacity of storage warehouses.

Part D: Capacity Building

Carrying out of capacity building activities including: (a) provision of training to relevant staff of the Recipient on laboratory analysis, health and safety issues, and environmental monitoring; (b) strengthening awareness on the pesticide management legal framework and homologation systems; and (c) development and implementation of a pesticide storage and integrated pest management training program.

Part E: Project Management and Monitoring

Supporting the PMT in carrying out Project coordination, implementation, monitoring and evaluation, through the provision of technical advisory services, goods, and operational support.

* * *

The Project is expected to be completed by December 31, 2010.

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 for 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

- 1. 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 Recipient.
- 2. Bidders for contracts for Disposal Services to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Procurement Guidelines.

B. Other Procurement Procedures

- 1. **National Competitive Bidding.** 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. **Direct Contracting.** Goods and works which must be procured from a particular supplier or are of a proprietary nature, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

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 Procurement Procedures

1. **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.
2. **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.
3. **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.

Section IV. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for goods estimated to cost the equivalent of \$150,000 or more; (b) each contract for works estimated to cost the equivalent of \$150,000 or more; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; and (d) each contract for individual consultants estimated to cost the equivalent of \$50,000 or more. All other contracts shall be subject to Post Review by the Bank.

SCHEDULE 4

Implementation Program

A. Project Management

1. The Recipient shall:

(a) PMT:

except as otherwise agreed with the Bank, maintain throughout Project implementation the PMT under terms of reference and with resources and a staff composition that is acceptable to the Bank for purposes of the day to day management of the Project including financial management, monitoring and evaluation, preparation of progress reports, and procurement. Without limitation to the generality of the foregoing, the staff composition of the PMT shall include the following key staff: a Project manager, prevention officer, a pesticide registration and control officer, financial and administrative officer, and a procurement officer. The PMT shall be supported by international technical and disposal advisors.

(b) Steering Committee:

maintain throughout Project implementation, a steering committee, under terms of reference and with a membership composition that is acceptable to the Bank. Without limitation to the generality of the foregoing, the steering committee shall oversee the overall implementation of the Project, including but not limited to: (i) the approval of annual work plans to be implemented under the Project; (ii) the management of budgets; and (iii) review of progress reports. The steering committee shall be chaired by the Minister for Agriculture and Rural Development with membership that shall include representatives from MOARD, the Ministries of Finance and Economic Development, Health and Foreign Affairs; and the Recipient's Environmental Protection Authority.

(c) Program Operations Manual and Country Operations Manual:

carry out the Project in accordance with the procedures set forth in the POM and the Country OM, and except as the Bank shall otherwise agree, shall not amend or waive any provisions thereof if such amendment or waiver, may in the opinion of the Bank, materially or adversely affect the implementation of the Project.

B. Environmental and Social Measures

2. The Recipient shall implement the Project in accordance with the ESASR and the CESA. Without limitation to the generality of the foregoing, the Recipient shall not implement any Project activity which results in the involuntary resettlement of persons or the involuntary acquisition of land, save with the prior consent of the Bank and on such terms as the Bank may require.

C. Annual Work Plans and Reporting

3. Annual Work Plans:

The Recipient shall submit to the Bank for its review and approval an annual work plan on or about June 1 of each year of Project implementation commencing June 1, 2007, and implement the activities reflected in such work plan in a manner that is satisfactory to the Bank.

4. Bi-Annual Reviews:

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 6 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;
- (b) submit to the Bank no later than December 31 and June 30 in each year of Project implementation commencing December 31, 2007, a bi-annual report reviewing the progress in Project implementation during the preceding six-month period, having due regard to the monitoring indicators referred to in sub-paragraph (a) of this paragraph; and
- (c) following the submission and review of each bi-annual report, act promptly and diligently to take any corrective action agreed with the Bank to remedy any shortcomings identified in Project implementation, in furtherance of the objectives of the Project.

5. Mid-term Review:

- (a) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about May 31, 2009, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 4 (a), 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 for discussion during the mid-term review to be carried out jointly with the Bank pursuant to paragraph (b) below; and

- (b) review with the Bank by June 30, 2009, or such later date as the Bank shall request, the report referred to in paragraph (a) 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 6 set forth in the table in paragraph 1 of Schedule 1 to this Agreement set forth in the said table;
 - (b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods, works, consultant services, and Disposal 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 the amount of \$250,000, 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, 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 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 paragraphs 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.

SCHEDULE 6

Performance Monitoring Indicators

1. Inventory database of Publicly Held Obsolete Pesticides stocks and Associated Waste in place and in use by the PMT and the Recipient's staff.
2. Completion of CESA, and implementation of the measures contained therein.
3. Inventoried Publicly Held Obsolete Pesticides stocks disposed of, as a result of the completion of the Disposal Services contract(s) in accordance with national and international laws and regulations.
4. Legal and regulatory framework for pesticide management improved, including measures to strengthen compliance with the Basel Convention and the Rotterdam Convention.
5. Pesticide management strategy is developed.
6. The training program under Part D of the Project is implemented and the knowledge so acquired is being used by the PMT and Recipient's staff.
7. The PMT is functional and its operation is satisfactory to the Bank.