

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H666-NP

Financing Agreement

(Strengthening Regional Cooperation for Wildlife Protection in Asia Project)

between

NEPAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 27, 2011

Public Disclosure Authorized

GRANT NUMBER H666-NP

FINANCING AGREEMENT

AGREEMENT dated June 27, 2011, entered into between NEPAL (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to two million Special Drawing Rights (SDR 2,000,000) (“Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are May 15 and November 15 in each year.
- 2.05. The Payment Currency is Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project through MOFSC, in accordance with the provisions of Article IV of the General Conditions.

- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Secretary, Ministry of Finance.

- 5.02. The Recipient's Address is:

Ministry of Finance
Government of Nepal
Singha Durbar
Kathmandu
Nepal

Facsimile: (977-1) 4211-164

- 5.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Kathmandu, Nepal, as of the day and year first above written.

NEPAL

By /s/ Krishna Hari Baskota

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Susan G. Goldmark

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in building and/or enhancing shared capacity, institutions, knowledge and incentives to tackle illegal wildlife trade and other selected regional conservation threats to habitats in border areas.

The Project, which constitutes a component of the Regional Program, consists of the following parts:

PART A: CAPACITY BUILDING FOR ADDRESSING ILLEGAL TRANS-BOUNDARY WILDLIFE TRADE

1. **Institutional strengthening in wildlife conservation and illegal wildlife trade control**
 - (a) Provision of technical advisory services for the review, updating and revision of the Recipient's legislative framework and strengthen the capacity of institutions responsible for wildlife management and illegal wildlife trade control.
 - (b) Provision of technical advisory services for the establishment of a Wildlife Crime Control Bureau.
 - (c) Provision of technical advisory services for the development of analytical and operational protocols for purposes of meeting the Recipient's CITES obligations.
 - (d) Provision of training for field-level rapid response cells responsible for controlling wildlife crime, carrying out anti-poaching operations and developing wildlife trade control intelligence networks among officials, guards and communities.
 - (e) Provision of operational support for the establishment of the secretariat for the National Tiger Conservation Committee at the MOFSC.

2. **Staff capacity building and training toward regional collaboration**
 - (a) Provision of training and re-orientation for DNPWC and DOF staff to effectively manage protected areas and national forests, including regional knowledge sharing.
 - (b) Strengthening of the DNPWC and DOF to develop their capacity to conduct training, education and awareness programs relevant to wildlife

conservation, PA management, development of nature-based or ecotourism, control of illegal wildlife trade, and addressing the human-wildlife conflict.

- (c) Training of DNPWC and DOF staff on monitoring and evaluation techniques.

PART B: PROMOTING WILDLIFE CONSERVATION IN ASIA

1. Virtual regional center of excellence for wildlife conservation

Provision of technical advisory services and equipment for the creation of a virtual regional center of excellence for wildlife conservation.

2. Protected areas and National Forests management with regional conservation benefits

Carrying out, through Beneficiaries, of competitive, demand-driven pilot initiatives with a regional dimension, including, *inter alia*: (i) innovative research projects in wildlife conservation; (ii) pilot programs in conservation of endangered flagship species; (iii) pilot programs in human wildlife coexistence models and incentive schemes; (iv) development of ecotourism plans with regional conservation benefits; and (v) implementation of priority activities under the ecotourism plans.

PART C: PROJECT COORDINATION

Provision of services and logistical assistance to Project staff, including Operating Costs related to the management and regional coordination of the Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall, no later than June 15, 2011, establish a National Project Steering Committee for providing policy guidance and oversight to the Project and approving the annual work plan and budget, to be chaired by the Secretary of MOFSC and to include members from the DNPWC, the DOF, the Recipient's Ministry of Finance, the Recipient's Planning Commission, the Member Secretary of NTNC, and at least one non-governmental conservation partner.
2. The Recipient shall, no later than June 15, 2011, establish and maintain, within NPSC, a National Project Management Committee to be co-chaired by the Directors General of DNPWC and DOF, who shall serve as National Project Directors, and shall be responsible for: (i) making management decisions related to Project implementation; (ii) submitting annual programs and budgets to the NPSC for final approval; (iii) guiding the PCU in implementing approved activities; (iv) reviewing on a trimestrial basis the implementation of Project activities and providing guidance to the PMU; (v) monitoring and evaluating Project progress and reporting to the NPSC on at least a semi-annual basis; and (vi) implementing all directives and guidance of the NPSC.
3. The Recipient shall enter into an MOU satisfactory to the Association, pursuant to which NTNC shall act as the PCU and shall be responsible for the day-to-day coordination of the various components of the Project.
4. (a) The Recipient shall maintain or cause to be maintained an adequate number of key professional staff at PCU with skills, qualifications, experience, and terms of reference satisfactory to the Association, including without limitation: (i) a Project Coordinator; and (ii) a core team, including a finance, procurement and monitoring and evaluation officer.

(b) The Recipient shall ensure that, except in case of unsatisfactory performance, or as required by law, the key staff referred to in (a) above shall not be transferred to other positions until completion of the Project, and, in the case of the Accounts and Finance officers, no such transfer shall occur until at least six (6) months after the Closing Date or submission by the Recipient of the final audited Financial Statements, whichever occurs later.

5. The Recipient shall ensure that all staff and employees, who have participated in an international training course or a study visit under the Project, will remain in post for a minimum period as specified by Clause 40(c) of the Civil Service Act, 2049 (1993), or any amendment thereto.

B. Anti-Corruption, and Governance and Accountability

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

C. Resettlement, Indigenous Population, and Environment Protection

1. The Recipient shall, in carrying out the Project:
 - (a) take all necessary actions to minimize, to the extent possible, any involuntary loss by persons of shelter, productive assets or access to productive assets, income or means of livelihood, temporarily or permanently; and
 - (b) for this purpose:
 - (i) prior to the commencement of any works under the Project, implement the applicable RAP and/or IPDP in a manner satisfactory to the Association; and
 - (ii) whenever modification or finalization of any activity design or implementation shall give rise to Displaced Persons, provide to the Association, for its review, a RAP and/or IPDP, prepared in accordance with the principles and procedures set forth in the RPF and ESMF, respectively, and, thereafter, implement in a manner satisfactory to the Association.
2. The Recipient shall carry out the Project in accordance with the ESMF and the applicable EMPs, all in a manner satisfactory to the Association.
3. The Recipient shall:
 - (a) maintain policies and procedures adequate to enable the Recipient to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the relevant ESMF, RPF, EMPs, RAPs and IPDPs (collectively, the “Safeguards Instruments”) and the achievement of the objectives thereof; and
 - (b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association by January 1 of each year, commencing on

January 1, 2012, semi-annual reports of the results of the monitoring and evaluation activities with respect to the relevant Safeguards Instruments, together with any revisions proposed to be introduced into said instruments in order to achieve their respective objectives.

4. The Recipient shall provide to the Association, for its prior concurrence, any proposed modification or waiver of any provision of any of the Safeguards Instruments, and put such modification or waiver into effect only after receiving the Association's consent thereto.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar trimester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, not later than forty-five (45) days after the end of each trimester, interim unaudited financial reports for the Project covering the trimester, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance

with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraphs 2 and 3 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **National Competitive Bidding.** Except as otherwise provided in paragraph 3 below, goods and works estimated to cost less than \$500,000 equivalent per contract may be procured under contracts awarded on the basis of National Competitive Bidding in accordance with the provisions of the Public Procurement Act (and regulations made thereunder), subject to the following:
 - (i) bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee;
 - (ii) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders;
 - (iii) bids shall be opened in public in one place, immediately after the deadline for submission of bids;
 - (iv) qualification criteria (in case pre-qualifications were not carried out) shall be stated in the bidding documents, and if a registration process is required, a foreign firm declared as the lowest evaluated bidder shall be given a reasonable opportunity of registering, without let or hindrance;
 - (v) evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format and specified period agreed with the Association and contracts shall be awarded to the lowest evaluated bidders;

- (vi) rebidding shall not be carried out without the prior concurrence of the Association;
- (vii) extension of bid validity shall not be allowed without the prior concurrence of the Association: (A) for the first request for extension if it is longer than four (4) weeks; and (B) for all subsequent requests for extension irrespective of the period; and
- (viii) there shall not be any restrictions on the means of delivery of the bids.

3. **Other Method of Procurement of Goods and Works.** The following table specifies the method of procurement, other than International Competitive Bidding and National Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	Shopping

C. Particular Methods of Procurement of Consultants' Services

- 1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection and using only the request for proposal (RFP) documents approved by the Association.
- 2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Methods	
(a)	Quality-Based Selection
(b)	Selection under a Fixed Budget
(c)	Least-Cost Selection
(d)	Selection Based on Consultants' Qualifications
(e)	Single-Source Selection

(f)	Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(g)	Sole Source Procedures for the Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, consultants' services, Training and Workshops, and Operating Costs (For all Parts of the Project, excluding Part B.2)	850,000	100%
(2) Goods, works, consultants' services, Training and Workshops, and Operating Costs (For Part B.2 of the Project)	1,000,000	100%
(3) NTNC Coordination Costs	150,000	100%
TOTAL AMOUNT	2,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments: (i) made prior to the date of this Agreement; (ii) under Category (2), unless the Recipient has prepared and adopted the Operational Manual, in form and substance satisfactory to the Association; and (iii) Category (3), unless the Recipient has entered into the MOU with NTNC, in form and substance satisfactory to the Association.
2. The Closing Date is May 31, 2016.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011.
2. “Beneficiary” means an agency or institution, including a non-governmental organization, proposed to carry out activities under Part B.2 of the Project.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CITES” means the Convention on International Trade in Endangered Species of Wild Fauna and Flora, signed in Washington D.C. in 1973.
5. “Civil Service Act” means the Recipient’s Civil Service Act of 2049 (1993), or any amendment thereto.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
7. “Coordination Costs” means the costs incurred by NTNC under the MOU (as hereinafter defined) on account of its assistance in the coordination of the Project, including reasonable and necessary incremental expenditures, as approved by the Association on the basis of budgets acceptable to the Association, consultants’ remuneration, training, office space, office supplies, utilities, publication of procurement notices, vehicle operation, Project audits, and travel and supervision costs, but excluding the salaries of NTNC staff.
8. “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a “Displaced Person” means any of such Displaced Persons.
9. “DNPWC” means the Department of National Parks and Wildlife Conservation, under the Recipient’s Ministry of Forests and Soil Conservation, or any successor thereto.

10. “DOF” means the Department of Forest under the Recipient’s Ministry of Forests and Soil Conservation, or any successor thereto.
11. “EMP” means a specific environmental management plan to be prepared by the Recipient, on the basis of the provisions of the ESMF (as hereinafter defined), prior to carrying out any activity under the Project, such plan to set out the environmental protection measures in respect of the activity under the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the agreement of the Association.
12. “ESMF” means the environmental and social management framework dated January 25, 2011, which describes the environmental, social and indigenous people’s safeguards policies, procedures and institutional framework applicable to the Project, including identification, assessment and mitigation of potential environmental and social impacts arising from the Project, measures to protect the indigenous population and cultural property, carrying out consultations, processing and redressing grievances, monitoring related impacts, and, where applicable, resettlement and rehabilitation action plans, and other development plans and entitlement frameworks for people adversely affected as a result of Project implementation, as such framework may be revised from time to time with prior mutual consent of the Recipient and the Association.
13. “GAAP” means the Recipient’s governance and accountability action plan, satisfactory to the Association, which sets out the key actions to be undertaken during Project implementation to strengthen governance, transparency and accountability under the Project, as such plan may be amended from time to time with the mutual consent of the Recipient and the Association.
14. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
15. “IPDP” means an indigenous people’s development plan to be prepared by the Recipient, on the basis of the provisions of the ESMF, prior to carrying out any activity under the Project, such plan to set out actions and measures to protect the indigenous population residing around PAs and NFs, as said plan may be revised from time to time with the agreement of the Association.
16. “MOFSC” means the Recipient’s Ministry of Forests and Soil Conservation, or any successor thereto.
17. “MOU” means the memorandum of understanding, acceptable to the Association, to be entered into between the Recipient and NTNC (as hereinafter

defined) that sets out the terms and conditions pursuant to which NTNC shall perform the role of the PCU (as hereinafter defined) under the Project.

18. "NF" or "National Forests" means national forests, so designated by the Recipient's Forest Act 1992, as such designation may be revised from time to time by the Recipient.
19. "NPSC" means the National Project Steering Committee to be established pursuant to paragraph A.1 of Section I of Schedule 2 to this Agreement.
20. "NTCC" means the National Tiger Conservation Committee referred to in Part A.1(e) of Schedule 1 to this Agreement.
21. "NTNC" means the National Trust For Nature Conservation, an autonomous corporate body, established by a Legislative Act of the Recipient in 1982, as amended, and mandated to: (i) conserve, promote and manage wildlife and other natural heritages; (ii) make necessary arrangements for development of national parks and reserves; and (iii) conduct scientific study and research into wildlife and other natural heritages.
22. "Operating Costs" means Project-related incremental operating costs incurred on account of implementation, management and monitoring, consultants, dissemination of Project-related information, office rental and office equipment purchase or leasing, maintenance and repair, vehicle leasing, equipment maintenance and repair, travel, including travel to Project sites, security, communication, bank charges, advertising, and other costs directly associated with the Project, but excluding the salaries of the Recipient's civil servants.
23. "Operational Manual" means the Recipient's manual, which sets out, inter alia, the terms, conditions and procedures for carrying out Part B.2 of the Project, as such manual may be revised from time to time with the prior mutual consent of the Recipient and the Association.
24. "Participating Countries" means the countries participating in the Regional Program (as hereinafter defined).
25. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" published by the Bank in May 2004 and revised in October 2006 and May 2010.
26. "Procurement Plan" means the Recipient's procurement plan for the Project, dated February 7, 2011 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

27. "PMC" means the national Project Management Committee, referred to in paragraph A.2. of Section I of Schedule 2 to this Agreement.
28. "PCU" means the Project Coordination Unit referred to in paragraph A.3. of Section I of Schedule 2 to this Agreement.
29. "Protected Areas" or "PAs" mean the areas so designated by the Recipient's National Parks and Wildlife Conservation Act of 1973, as such designation may be revised from time to time by the Recipient.
30. "Public Procurement Act" means the Recipient's Public Procurement Act, 2063 (2007).
31. "Regional Program" means the regional program to help improve the effectiveness of wildlife and habitat conservation by addressing key regional threats in the Participating Countries, which include the Kingdom of Bhutan, the People's Republic of Bangladesh, India and Nepal and any other additional country that wishes to participate in said program.
32. "Resettlement Action Plan" or the acronym "RAP" means each of the plans to be prepared by the Recipient, consistent with the RPF and the ESMF, for carrying out activities under Part B.2 of the project, and which sets out the principles and procedures governing the acquisition of land and other assets, and the resettlement, compensation and rehabilitation of Displaced Persons on account of the implementation of the Project, as well as monitoring and reporting arrangements to ensure compliance with said plans, as the same may be revised from time to time with the prior agreement of the Association.
33. "Resettlement Policy Framework" and the acronym "RPF" mean the Recipient's resettlement policy framework dated January 25, 2011, which sets out a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset and mitigate any adverse social impacts associated with the Project, including any land acquisition, if required, as such framework may be amended from time to time with the prior agreement of the Association.
34. "Training and Workshops" means reasonable and necessary costs of training related to Project implementation, including the fees of educational or other institutions that provide training, costs related to attendance or organization of conferences, seminars, study tours and workshops, and the trainees' cost of travel, boarding, lodging and per diem allowances.