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**GRANT NUMBER D648-8S**

# **Financing Agreement**

**(Plastic Free Rivers and Seas for South Asia Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**SOUTH ASIA COOPERATIVE ENVIRONMENT PROGRAMME**

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## **FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”), and SOUTH ASIA COOPERATIVE ENVIRONMENT PROGRAMME (“Recipient”). The Association and the Recipient hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to twenty-seven million two hundred thousand Special Drawing Rights (SDR 27,200,000) (“Grant”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Grant Balance.
- 2.04. The Payment Dates are June 15 and December 15 in each year.
- 2.05. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following:
- (a) The Recipient has prepared and adopted the Project Operations Manual in a manner and substance satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03. For purposes of Section 10.05 (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 Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is its Director General.
- 5.02. For purposes of Section 11.01 of the General Conditions: (a) The Association's Address is:

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

- (b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

- 5.03. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

146 / 24A, Havelock Road  
Colombo 00500  
Sri Lanka; and

- (b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+94112589369	Secretariat@sacep.org

AGREED as of the Signature Date.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



\_\_\_\_\_  
Authorized Representative

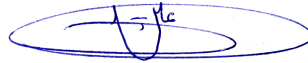
Name: Hartwig Schafer

Title: Vice President South Asia Region

Date: 08-Jun-2020

SOUTH ASIA COOPERATIVE ENVIRONMENT  
PROGRAMME

By



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Authorized Representative

Name: Abas Basir

Title: Director General

Date: 08-Jun-2020

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to strengthen innovation and coordination of circular economy solutions to plastic pollution flowing into South Asian seas.

The Project consists of the following parts:

#### **Part 1. Supporting Competitive Block Grant Investments to Reduce Plastic Waste**

- 1.1 Supporting circular plastic economy solutions to reduce plastic waste by implementing a program of regional competitive block grant investments, providing Regional Competitive Block Grants (“RBGs”) to eligible organizations in South Asia (“Eligible RBG Beneficiaries”).
- 1.2 Facilitating exchange of circular plastic economy knowledge between Eligible RBG Beneficiaries and selected South Asian countries and promoting awareness raising activities.

#### **Part 2. Leveraging Public and Private Sector Engagement and Solutions**

- 2.1 Supporting development of strategies, action plans, policies, and standards to harmonize plastic pollution mitigation measures through: (a) developing and implementing a multi-year plastic policy support program, working with leading universities and organizations; (b) developing a database for lifecycle analysis, data collection, and modeling related to plastic across selected industry value chains; and (c) supporting communication activities.
- 2.2 Supporting circular use of plastic in the economy through regional public-private collaboration and engagement in South Asia, including designing and organizing annual or more frequent meetings of representatives from public and private sectors.

#### **Part 3. Strengthening Regional Integration Institutions**

- 3.1 (a) Carrying out works to support construction of SACEP’s new headquarters and providing technical assistance to, and building capacity of, SACEP to discharge its functions, including coordination with relevant regional organizations and uniform collection, analysis, and interpretation of pollution data.

(b) Supporting development of a fund for sustainability of existing activities and accelerating circular plastic economy solutions (“Sustainability Fund”).

3.2. Supporting SACEP in the implementation and overall management of the Project, regarding the aspects related to social and environmental safeguards, monitoring, reporting and evaluation, complaints handling mechanisms, as well as financial audits.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional and Implementation Arrangements.

1. For the purpose of ensuring the efficient and effective implementation of the Project, the Recipient shall maintain, throughout the period of implementation of the Project, Project implementation structures with mandate, resources and composition satisfactory to the Association as set out in the Project Operations Manual.
2. Without limitation to the provisions of paragraph 1 of this section, the Recipient shall:
  - (a) establish by not later than four (4) months after the Effective Date and thereafter maintain within its Secretariat throughout the period of implementation of the Project, a project implementation unit, chaired by a qualified Project director with qualification, experience and terms of reference satisfactory to the Association and staffed with competent personnel in adequate numbers and with qualification, experience, and terms of reference satisfactory to the Association (“Project Implementation Unit”), which unit shall be granted the functions, decision making-powers and -sufficient resources, as agreed with the Association, for the carrying out of the Project, including its planning, budgeting, technical coordination, implementation supervision, monitoring and evaluation, and environmental and social aspects;
  - (b) establish by no later than three (3) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, a Project steering committee, chaired by its Director General and comprised of, *inter alia*, head of its Chancery and Project Implementation Unit’s Project director, as further detailed in the Project Operations Manual (the “Project Steering Committee”), which committee shall be responsible for providing strategic guidance and oversight for the overall design and implementation of Project activities; and
  - (c) maintain throughout the period of implementation of the Project a selection committee for RBGs, with composition, mandate, and terms of reference acceptable to the Association, as further detailed in the Project Operations Manual (the “Regional Block Grant Investment Selection Committee”), which committee shall be responsible for reviewing applications for, and awarding of, RBGs.

**B. Project Operations Manual**

1. The Recipient shall:
  - (a) carry out the Project in accordance with the provision of the Project Operations Manual, as discussed and agreed with the Association; and
  - (b) refrain, from materially and/or substantially amending, revising, waiving, voiding, suspending or abrogating, any provision of the Project Operations Manual, whether in whole or in part, without the prior written concurrence of the Association.
2. In the event of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall govern.

**C. Annual Work Plan and Budget**

1. The Recipient shall:
  - (a) prepare and adopt by not later than May 1<sup>st</sup> of each year, an annual work plan and budget (the “Annual Work Plan and Budget”) for the following fiscal year in a manner, form and substance satisfactory to the Association, which work plan and budget shall identify the Project activities by component and subcomponent, together with their related expenditures and financing sources and, for each such proposed activity;
  - (b) notwithstanding the foregoing, prepare, by not later than two (2) months after the Effective Date, the first such Annual Work Plan and Budget for the first year of Project implementation; and thereafter,
  - (c) carry out the Project activities during the corresponding fiscal year in accordance with such Annual Work Plan and Budget.
2. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association’s prior approval. The Recipient shall not amend, suspend, abrogate, or waive said Annual Work Plans and Budgets or any provision thereof, without the prior written agreement of the Association.

**D. Regional Competitive Block Grants**

1. In carrying out Subcomponent 1.1 of the Project, the Recipient shall select Eligible RBG Beneficiaries and defray the RBGs in accordance with the provisions of this Agreement and the Project Operations Manual, and in a manner satisfactory to the Association.



2. Without limitation to the generality of Section I.D.1 above, the Recipient shall ensure that each Eligible RBG Beneficiary receives the RBG only upon Recipient's verifying and documenting the respective Eligible RBG Beneficiary's compliance with the following conditions/requirements, and such further conditions/requirements as may be set forth in the Project Operations Manual:
  - (a) The Eligible RBG Beneficiary has been duly registered in one of the Recipient's member states other than the Republic of India and the Democratic Socialist Republic of Sri Lanka in accordance with the provision of the Project Operations Manual;
  - (b) The Eligible RBG Beneficiary has prepared and furnished a RBG proposal to the Recipient that fully satisfies the eligibility criteria specified in the Project Operations Manual, including gender mainstreaming.
3. The Recipient shall ensure that activities to be financed out of the proceeds of the RBGs will not finance or support items on the negative list set out in the Environmental and Social Management Framework.

**E. Environmental and Social Standards**

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measure necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and subcontractors to:
  - (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and
  - (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

## **Section II. Project Monitoring, Reporting and Evaluation**

The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering such calendar semester.

**Section III. Withdrawal of the Proceeds of the Grant**

**A. General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Grant to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, Incremental Operating Costs, and Training under Parts 1.2, 2, and 3 of the Project	12,500,000	100%
(2) Regional Competitive Block Grants under Part 1.1 of the Project	14,700,000	100%
<b>TOTAL AMOUNT</b>	<b>27,200,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 5,400,000 may be made for payments made prior to this date but on or after July 1, 2019, for Eligible Expenditures under Category (1); or
  - (b) under Category (2) until and unless the Recipient has established the Regional Block Grant Investment Selection Committee, with composition, mandate, and terms of reference acceptable to the Association.

2. The Closing Date is July 31, 2025.

## APPENDIX

### Section II. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.1 of Schedule 2 to this Agreement.
3. “Eligible RBG Beneficiaries” means eligible social enterprises, non-governmental organizations, civil society organizations, and universities.
4. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 21, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
5. “Environmental and Social Management Framework” means the environmental and social management framework prepared and adopted by the Recipient, dated April 7, 2020, as referred to in the ESCP, setting forth the guiding principles, acceptable standards and procedures (including organizational arrangements, consultation protocols and budgetary allocations) for: (a) the screening and assessment of the potential adverse environmental and social impacts (*inter alia*, health and safety issues) of Project activities; and (b) the preparation, whenever required, of the relevant ESMP(s), as such framework may be amended from time to time with the prior written concurrence of the Association.
6. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural

Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.

7. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018, with the modifications set forth in Section II of this Appendix.
8. “Incremental Operating Costs” means the reasonable costs of incremental expenditures required for the Project, including (i) operating and maintenance of vehicles, repairs, rental, fuel and spare parts, (ii) computer maintenance, including hardware and software, (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods), (iv) small office supplies, (v) bank fees and related charges, (vi) rent and maintenance of office facilities, (vii) utilities and insurances, (viii) travel, accommodation and per diem costs for technical staff carrying out training and review activities, and (ix) salaries of contractual support staff for the SACEP PIU, but excluding the salaries of the Recipient’s regular staff.
9. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
10. “Project Operations Manual” means Recipient’s manual, adopted pursuant to Section 4.01(a) of this Agreement, containing detailed arrangements and procedures necessary for the effective implementation of the Project, including (i) the details of the Project activities, including results framework and overall budget; (ii) the Project implementation arrangements, including membership and/or composition of the Project Steering Committee, Regional Block Grant Investment Selection Committee, and Project Implementation Unit and terms or reference therefor; (iii) the criteria, guidelines and procedures for implementation of the RBGs, including targeting of Eligible RBG Beneficiaries, conditionality requirements and verification protocols therefor, and disbursement of the RBGs; and (iv) the monitoring and evaluation and reporting requirements for the Project.
11. “Regional Competitive Block Grant” or “RBG” means the regional competitive block grants under Part 1.1 of the Project.
12. “SACEP” means an inter-governmental organization, established in 1982 by the government of South Asian countries, namely, Islamic Republic of Afghanistan, the People’s Republic of Bangladesh, Bhutan, Republic of India, Republic of

Maldives, Federal Democratic Republic of Nepal, Islamic Republic of Pakistan, and Democratic Socialist Republic of Sri Lanka, to promote and support protection, management and enhancement of the environment in the South Asia region, represented by its Director General and having its office at 146 / 24A, Havelock Road, Colombo – 00500, Sri Lanka.

13. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applied to all references to “the date of the Financing Agreement” in the General Conditions.
14. “Sustainability Fund” mean the fund referred to under Part 3.1(b) of the Project.
15. “Training” means the cost of trainings, seminars and workshops, conferences and study tours, considered to be reasonable by the Association, including: (i) the fees of training institutions and courses; (ii) domestic or international travel costs, lodging costs, and subsistence/per diem allowances both for trainers and trainees; (iii) the rental of training facilities; and (iv) preparation, purchase or reproduction of training materials.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. In Section 5.11, paragraph (a) is modified to read as follows:

“Section 5.11. *Visits*

“(a) The Recipient shall take all action necessary or useful to ensure that the Member Country affords all reasonable opportunity for representatives of the Association to visit any part of their territories for purposes related to the Grant or the Project.”

2. Section 8.02 is modified as follows:

(a) Paragraph (j) on *Membership* is modified to read as follows:

(j) *Membership.* The Member Country or any member of the Recipient: (i) has been suspended from membership in or ceased to be a member of the Association; or (ii) has ceased to be a member of the International Monetary Fund.”

(b) Paragraph (m) is renumbered as paragraph (n), and a new paragraph (m) is added to read as follows:

“(m) *Interference.* The Member Country: (i) has taken or permitted to be taken any action which would prevent or interfere with the execution of the Project or the performance by the Recipient of its obligations under the Financing Agreement; or (ii) has failed to afford a reasonable opportunity for representatives of the Association to visit any part of its territory for purposes relating to Grant or the Project.”

3. The Appendix (**Definitions**) is modified as follows:

(a) Paragraph 79 (Member Country) is modified to read as follows:

“79. “Member Country” means the member of the Association in whose territory the Project is carried out or any such member’s political or administrative subdivisions. If such activity is carried out in the territory of more than one such member, “Member Country” refers separately to each such member.”

(b) Paragraph 94 (Recipient) is modified to read as follows:

“94. “Recipient” means the party to the Financing Agreement to which the Grant is extended.”