

Public Disclosure Authorized

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF054942-TUN

Global Environment Facility Trust Fund Grant Agreement

(Gulf of Gabès Marine and Coastal Resources Protection Project)

between

REPUBLIC OF TUNISIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated April 27, 2005

GEF TRUST FUND GRANT NUMBER TF054942-TUN

**GLOBAL ENVIRONMENT FACILITY
TRUST FUND GRANT AGREEMENT**

AGREEMENT, dated April 27, 2005, between REPUBLIC OF TUNISIA (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 project described in Schedule 2 to this Agreement (the Project), has requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2; and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01 (a) The following provisions of the "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995 (as amended through May 1, 2004), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
 - (ii) Sections 2.01 (2), (3), (4), (5), (6), (7), (8), (14), (15), (16), (18) and (21), 2.02 and 2.03;
 - (iii) Section 3.01;
 - (iv) Sections 4.01 and 4.06;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (i), (l), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;
 - (vii) Section 8.01 (b);
 - (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
 - (ix) Sections 10.01, 10.03 and 10.04;
 - (x) Article XI; and
 - (xi) Sections 12.01 (c), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Bank”, wherever used in the General Conditions, other than in Sections 2.01 (6), 6.02 (f) and 5.01 (a) thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;
 - (ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;
 - (iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
 - (iv) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;
 - (v) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account;

- (vi) 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”.
- (vii) the words “corrupt or fraudulent” in paragraph (c) of Section 6.03 are replaced with the words “corrupt, fraudulent, collusive or coercive”.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Advance Account” means an account referred to in Section 2.02(c) of this Agreement;

(b) “Affected Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction to access Pilot Sites (as this term is hereinafter defined), resulting in adverse impacts on the livelihood of such person;

(c) “ANPE” means the Recipient’s National Agency for Environmental Protection (Agence Nationale de Protection de l’Environnement), established and operating pursuant to the Recipient’s Law No. 88-91 dated August 2, 1988, or any successor thereto;

(d) “APAL” means the Recipient’s National Agency for Coastal Protection and Planning (Agence de Protection et d’Aménagement du Littoral) established and operating pursuant to the Recipient’s Law no. 95-72 dated July 24, 1995, or any successor thereto;

(e) “CITET” means the International Center for Environmental Technologies (Centre International des Technologies de l’Environnement) established and operating pursuant to the Recipient’s Law no.96-25 dated March 25, 1996, or any successor thereto;

(f) “DGEQV” means the General Directorate for Environment and Quality of Life (Direction Générale de l’Environnement et de la Qualité de Vie) within the Recipient’s MESD (as this term is hereinafter defined), or any successor thereto;

(g) “Dinar” means the lawful currency of the Recipient;

(h) “Environmental Management Plan” or “EMP” mean the Recipient’s plan, in form and substance satisfactory to the Bank dated January 14, 2005, detailing the appropriate mitigation, monitoring, reporting, institutional, budgetary and management measures required for the implementation of the Project, with a view to ensuring compliance of the activities to be carried out under the Project, including biodiversity management plans for the Pilot Sites (as this term is hereinafter defined), with said measures and to eliminating adverse environmental impacts, offsetting such impacts, or reducing them to acceptable levels, as the same may be amended from time to time with the prior agreement of the Bank;

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

(j) “INSTM” means the National Institute for Sciences and Technologies (Institut National des Sciences et Technologies de la Mer) under the Recipient’s Ministry of Higher Education, Scientific Research, Technology and Development of Competencies (Ministère de l’enseignement supérieur, de la recherche scientifique, de la technologie et du développement des compétences) established and operating pursuant to the Recipient’s Law no. 109-1995 dated December 25, 1995, or any successor thereto;

(k) “Local Development Committees” means the local development committees to be established and maintained by the Recipient in accordance with paragraph 6 of Schedule 4 to this Agreement;

(l) “Ministry of Environment and Sustainable Development” or “MESD” means the Recipient’s Ministry of Environment and Sustainable Development (Ministère de l’Environnement et du Développement Durable), or any successor thereto;

(m) “Monitoring Committee” means the monitoring committee established pursuant to the Project Procedures Manual (as this term is hereinafter defined), and to be maintained by the Recipient in accordance with paragraph 5 of Schedule 4 to this Agreement;

(n) “Partnership Agreement” means the partnership agreement dated January 24, 2005, in form and substance satisfactory to the Bank, entered into among the Project Partner Entities (as this term is hereinafter defined), and setting forth the procedures governing budgetary, financial and staff recruitment arrangements for purposes of carrying out the Project;

(o) “Pilot Site” means a geographic site located in the Recipient’s territory and selected under the Project for the conservation of biodiversity resources, and “Pilot Sites” means, collectively, the sites of: (a) the Kerkennah Islands; (b) the Kneiss Islands;

(c) the oasis of Gabès; (d) the Gulf of Bou Ghrara; (e) Bahiret El Bibane; and (f) a designated sea grass area near the Kerkennah Islands;

(p) “PMU” means the Project Management Unit (Unité de Gestion du Projet) established by the Recipient pursuant to a decision of the Minister of Environment and Sustainable Development dated January 24, 2005 and to be maintained in accordance with paragraph 3 of Schedule 4 to this Agreement;

(q) “Process Framework” means the framework, satisfactory to the Bank, prepared by the Recipient, dated January 14, 2005, setting forth certain rules, procedures and guidelines for: (i) the acquisition of land and/or other assets from Affected Persons; (ii) resettlement and rehabilitation of Affected Persons and the compensation thereof; (iii) reporting and monitoring arrangements to ensure compliance with said policy; and (iv) the principles governing the participation of local communities in biodiversity conservation and resource management for the biodiversity management plans at the Pilot Sites, as the same may be amended from time to time with the prior agreement of the Bank;

(r) “Project Area” means the Project area on the Beneficiary’s territory covering: (i) the Governorates of Sfax, Gabès, Médenine and the southern part of Mahdia; (ii) the coastal administrative districts adjacent to marine areas from the Chebba district in the north to the Ben Guerdane district in the south at the Recipient’s border; (iii) all littoral formations (sabkhas, beaches, lagoons, dunes and wetlands) and coastal ecosystems (oasis, oueds and particular vegetation communities); and (iv) the public marine lands delineated in the north by Ras Kaboudia, in the south by the Recipient’s border and to the east by the isobath minus 50 meters (depth of 50 meters); and

(s) “Project Partner Entities” means DGEQV, CITET, INSTM and APAL;

(t) “Project Operational Unit” or “POU” means the Project operational unit established by the Recipient pursuant to a decision of the Minister of Environment and Sustainable Development dated January 24, 2005, and to be maintained in accordance with paragraph 4 of Schedule 4 to this Agreement;

(u) “Procurement Plan” means the Recipient’s procurement plan, dated January 14, 2005, covering the initial 18 month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation;

(v) “Project Procedures Manual” means the Recipient’s Project Procedures Manual, (Manuel de Mise en Oeuvre) dated March 26, 2004, referred to in paragraph 1 of Schedule 4 to this Agreement, whose substance is satisfactory to the Bank, which sets out the principles and procedures governing the implementation of the Project, and which, *inter alia*: (i) defines the respective roles and responsibilities of the agencies involved in

the implementation of the Project; (ii) sets forth the timetable of actions required to be carried out under the Project; (iii) identifies the procedures to be used for monitoring and evaluating progress towards the achievement of the objectives of the Project; (iv) details the procurement procedures for the Project; and (v) details the financial management procedures for the Project, including, *inter alia*, the auditing, accounting and financial reporting arrangements for the Project;

(w) "Project Steering Committee" or "PSC" means the Project steering committee established by the Recipient pursuant to a decision of the Minister of Environment and Sustainable Development dated January 24, 2005, and to be maintained by the Recipient in accordance with paragraph 2 of Schedule 4 to this Agreement;

(x) "Special Account" means the account referred to in Section 2.02(b) of 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 six million three hundred ten thousand Dollars (\$6,310,000).

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 and 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 in Dollars a special deposit account in its Central Bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) The Recipient shall:

- (i) open and maintain in Dinars for, respectively, CITET and APAL an Advance Account of the Special Account, in one or more commercial banks acceptable to the Bank, on terms and conditions satisfactory to the Bank (including appropriate protection against set-off, seizure or attachment), to be used by CITET and APAL exclusively for the purposes of financing works, goods, services and incremental expenditures under the

Project to be carried out by, respectively, CITET and APAL, as specified in paragraph 7 of Schedule 5 to this Agreement; and

- (ii) withdraw from the Special Account and deposit into each Advance Account, respectively, an amount not exceeding \$200,000 equivalent for CITET, and an amount not exceeding \$5,000 equivalent for APAL, and thereafter replenish said Advance Accounts in accordance with paragraph 7 of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2010 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: (i) DGEQV for purposes of Part A of the Project; (ii) CITET for purposes of Part B of the Project; (iii) INSTM for purposes of Part C of the Project; and (iv) APAL for purposes of Part D of the Project, with due diligence and efficiency and in conformity with appropriate environmental, financial, administrative and technical practices and with due regard to ecological and biodiversity factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Bank shall otherwise agree, the Recipient shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement, the Environmental Management Plan and the Process Framework.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than 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 (6) months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the future operation of the Project; and

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

ARTICLE IV

Financial Covenants

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

(b) The Recipient shall:

- (i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six (6) 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 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) 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 forty five (45) days after the end of the first calendar semester 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 semester; thereafter, each FMR shall be furnished to the Bank not later than forty five (45) days after each subsequent calendar semester, and shall cover such calendar semester.

ARTICLE V

Remedies of the Bank

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

- (a) the Project Procedures Manual has been amended so as to affect materially and adversely the carrying out of the Project; and
- (b) a situation might arise which shall make it improbable that the Project or any significant part thereof will be carried out.

ARTICLE VI

Effectiveness; Termination

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

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 Development and International Cooperation 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 Development and International Cooperation
Place Ali Zouaoui
Tunis
Republic of Tunisia

Cable Address

Telex:

Facsimile:

MCCIIE

18060

216-71-351666 or
216-71-799069

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 the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF TUNISIA

By /s/ Mohamed Nejib Hachana
Authorized Representative

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

By /s/ Christiaan J. Poortman
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) Works	1,110,000	75%
(2) Goods	320,000	100% of foreign expenditures, 100% of local expenditure (ex-factory cost) and 80% of local expenditures for other items procured locally
(3) Consultants' Services		
(a) for Parts A and C of the Project	1,960,000	96% of local expenditures for services of consultants domiciled within the territory of the Recipient and 88% for services of other consultants
(b) for Parts B and D of the Project	2,520,000	87% of local expenditures for services of consultants domiciled within the territory of the Recipient and 79% for services of other consultants

<u>Category</u>	<u>Amount of the GEF Trust Fund Grant Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be Financed</u>
(4) Incremental Expenditures		
(a) capacity building and training activities, operation of Local Development Committees, and scholarships for research	330,000	96%
(b) compensation for POU staff for relocation to the town of Gabès	70,000	100%
TOTAL	<u>6,310,000</u>	

2. For the purposes of this Schedule:

(a) the term “foreign expenditures” means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient;

(b) the term “local expenditures” means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient; and

(c) the term “Incremental Expenditures” means expenditures incurred under the Project for capacity building and training activities under Part B of the Project, the operation of Local Development Committees under Parts B and D, scholarships for research related to the Project under Part B, and compensation for POU staff relocation to the town of Gabès under Part D, with the exception of consultants’ services.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding \$100,000, may be made in respect of Categories (3) and (4)(a) on account of payments made for expenditures before that date but after January 1, 2005.

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

5. If the Bank shall have determined at any time that any amount of the GEF Trust Fund Grant was used in a manner inconsistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Recipient in establishing a functional integrated monitoring and participatory system in the Project Area with a view to managing biodiversity degradation in the Gulf of Gabès.

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

Part A: Institutional Strengthening, Strategic Planning and Dissemination

Strengthening the Recipient's institutional, planning and dissemination capacity for the implementation of the Project, through the provision of technical assistance and equipment, including:

1. establishment of a Project Management Unit and a Project Operational Unit;
2. development of quality control and evaluation mechanisms;
3. preparation of a long term strategy with a view to promoting biodiversity conservation, including the organization of a workshop;
4. carrying out a strategic environmental assessment aiming at reviewing the impact on biodiversity of the mid-to-long term tourist development plan for the Gulf of Gabès;
5. developing a strategy with a view to protecting biodiversity areas from accidental petroleum and chemical spills; and
6. carrying out a terrestrial ecological inventory.

Part B: Training and Capacity Building

Strengthening human resources capacity for managing biodiversity-related technical, scientific and participation issues through the provision of technical assistance and training, including:

1. carrying out a training program aiming at improving marine and coastal biodiversity and Project management skills;
2. carrying out a public awareness campaign for target communities, local stakeholder groups and the general public;

3. carrying out a training program and capacity building activities aiming at promoting the enforcement of biodiversity protection measures under the Recipient's marine and coastal regulations in the areas of, *inter alia*, fisheries, solid waste, small and large ports, customs, coastal and wetland areas and under the applicable international treaties;
4. conducting socio-economic surveys of target populations and other stakeholder groups; and
5. developing participatory mechanisms for local development committees and other stakeholders to promote participation in biodiversity management.

Part C: Baseline Data Acquisition and Biodiversity Monitoring

Updating and/or acquiring technical and scientific data required for the development and implementation of biodiversity management plans, and monitoring compliance with performance indicators, through the provision of technical assistance, including:

1. preparing hydrodynamic and water quality studies, in particular for the Djerba-Zarzis area;
2. conducting inventories and monitoring activities of: (a) marine and lagoon fish species of regional and global interest; and (b) alien species and their distribution within the Gulf of Gabès;
3. developing a regional strategy for the management of ballast water disposal and alien species; and
4. carrying out an evaluation of the impact of fishing fleets on biodiversity and preparation of guidelines for fishing practices with a view to promoting biodiversity protection and sustainability.

Part D: Participatory Biodiversity Management Plans

Preparing innovative integrated biodiversity management plans for six Pilot Sites, and implementation of said plans in three of said Pilot Sites, through the provision of technical assistance and equipment and the carrying out of works:

1. developing a general methodology for the design and implementation of biodiversity management plans on the basis of participatory approach;
2. preparing and implementing the biodiversity management plan for the sea grass area in an initial Pilot Site located near the Kerkennah Islands, including the installation of anti-trawling structures and artificial reefs;

3. conducting inventory and mapping activities of the marine plant cover, including *Posidonia* sea grass beds, with a view to expanding the existing baseline data;
4. establishing a monitoring network for significant sea grass beds;
5. preparing and implementing the biodiversity management plan for the Gulf of Bou Ghrara, including the construction of a visitor center;
6. preparing and implementing the biodiversity management plan for the Kneiss Islands, including the construction of bird observation platforms;
7. preparing a biodiversity management plan for, respectively: (a) Bahiret El-Bibane; (b) the Kerkennah Islands; and (c) the Oasis of Gabès; and
8. establishment of a geographic information system (GIS) to serve as a database for the information exchange center within the Project Operational Unit.

* * *

The Project is expected to be completed by December 31, 2009.

SCHEDULE 3

Procurement

Section I. General

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

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

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

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

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts for works 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 and works to be carried out by domestic contractors.

B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than \$300,000 equivalent per contract and works estimated to cost less than \$3,000,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding and the following additional provisions:

- (i) Bids are advertised in national newspapers with wide circulation.
- (ii) The bid document clearly explains the bid evaluation, award criteria and bidder qualification criteria.
- (iii) Bidders are given adequate response time to prepare and submit bids (four weeks minimum).

- (iv) Bids may be submitted, at the bidders option, in person or by courier service, and the disclosure of their identity on the outer envelope is not grounds for bid rejection.
- (v) Technical and financial bids are publicly and simultaneously opened.
- (vi) Bids shall be evaluated on price and any other criteria disclosed in the bid documents and quantified in monetary terms and contracts are awarded to the qualified bidder with the lowest evaluated responsive bid.
- (vii) No eligible bidder is precluded from participation.
- (viii) Government owned enterprises in the Beneficiary's country may participate only if they can establish that they (a) are legally and financially autonomous, (b) operate under commercial law, and (c) are not dependent agencies of the Beneficiary or Sub-Beneficiary.
- (ix) No domestic preference is applicable to domestic bids.
- (x) No foreign bidder is forced to submit a bid in association with domestic firms as a condition for bidding.
- (xi) Prior to issuing the first call for bids, a draft standard bidding document to be used under National Competitive Bidding procurement must be submitted to, and found acceptable, by the Bank.
- (xii) The procedures shall include publication of evaluation results and the award of contract and provisions for bidders to protest.

2. Shopping

Goods estimated to cost less than \$30,000 equivalent per contract and works estimated to cost less than \$30,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

3. Direct Contracting

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

Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection

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

B. Other Procedures

1. Quality-based Selection

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

2. Selection Under a Fixed Budget

Services for assignments which the Bank agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

3. Least-cost Selection

Services for assignments which the Bank agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. Selection Based on Consultants' Qualifications

Services estimated to cost less than \$200,000 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.

5. 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. To this end, INSTM may be considered eligible to provide

consultants' services under Parts D.3 and D.4 of the Project, in accordance with paragraph 1.11(c) of the Consultant Guidelines.

6. Individual Consultants

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

Section IV. Review by the Bank of Procurement Decisions

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

SCHEDULE 4

Implementation Program

1. (a) The Recipient shall for purposes of the Project maintain the Project Procedures Manual, in form and substance satisfactory to the Bank, setting out details of all procedures, guidelines, timetables and indicators required for the Project, including the financial, administrative, procurement, monitoring and operational arrangements relating to the carrying out of the Project and including the Environmental Management Plan and the Process Framework.

(b) The Recipient shall carry out the Project in accordance with the Project Procedures Manual and, except as the Bank shall otherwise agree, the Recipient shall not amend or waive any provision of the Project Procedures Manual if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

2. (a) The Recipient shall maintain, throughout the duration of the Project, the Project Steering Committee in a form and with functions, membership, staffing and resources satisfactory to the Bank. The PSC shall be chaired by the Minister of Environment and Sustainable Development or his representative and shall include representatives of: (i) MESD, including DGEQV, the Regional Directory of the Southern Coastal Region and the Recipient's GEF focal point; (ii) the Ministry of Finance; (iii) the Ministry of Development and International Cooperation; (iv) the Ministry of Transport; (v) the Ministry of Interior and Local Development; (vi) the Ministry of Equipment, Housing and Land Use Planning; (vii) the Ministry of Higher Education, Scientific Research, Technology and Development of Competencies; (viii) the Ministry of Agriculture and Water Resources; (ix) INSTM; (x) CITET; (xi) ANPE; (xii) the Tunisian Union for Agriculture and Fisheries (Union Tunisienne de l'Agriculture et de la Pêche); (xiii) APAL; and (xiv) any other entity concerned by the Project.

(b) The PSC, which shall meet at least twice a year, shall be responsible for: (i) defining the overall strategy and guidelines to be applied to the execution of the Project; (ii) overseeing and coordinating the overall execution of the Project; and (iii) ensuring that the Project is executed on the basis of a participatory approach satisfactory to the Bank.

3. (a) The Recipient shall maintain, throughout the duration of the Project, a Project Management Unit in a form and with functions, membership, staffing and resources satisfactory to the Bank.

(b) PMU shall be responsible for: (i) the coordination of Project activities, including financial and procurement arrangements; (ii) ensuring the soundness of the technical, scientific, financial aspects of Project implementation; (iii) the coordination of activities to be carried out by the Project Partner Entities on the basis of the Partnership

Agreement; and (iv) the observance by the Project Partner Entities of the Project Procedures Manual.

4. The Recipient shall maintain, throughout the duration of the Project, a regional Project Operational Unit located in Gabès, in a form and with functions, membership, staffing and resources satisfactory to the Bank. The POU shall be chaired by a Director, assisted by a regional advisor. The POU shall be responsible for providing technical support to, and supervising Project implementation by the Project Partner Entities, and shall ensure the participation of local stakeholders in the preparation and implementation of biodiversity management plans for the Pilot Sites.

5. The Recipient shall maintain, throughout the duration of the Project, the Monitoring Committee which shall be chaired by the Director General of DGEQV and comprise the directors general of the respective Project Partner Entities. The Monitoring Committee, which shall meet at least quarterly, shall be responsible for monitoring the implementation of the Partnership Agreement and addressing technical, financial, procurement and coordination issues among the Project Partner Entities.

6. The Recipient shall within six (6) months following the effectiveness of this Agreement, establish and thereafter maintain, throughout the duration of the Project, a Local Development Committee in form and with functions satisfactory to the Bank, within each Pilot Site with a view to ensuring the participation of local communities and stakeholders in the development and implementation of biodiversity management plans for each said Site.

7. For purposes of Part D of the Project, the Recipient shall submit to the Bank for its review and approval the respective biodiversity management plan for each Pilot Site. No work shall be carried out on a Pilot Site unless the Bank shall have first approved the biodiversity management plan prepared for said Site.

8. The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about September 1, 2007, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by December 31, 2007, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1), (2), (3) and (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant 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 \$1,000,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to the amount of \$600,000 until the aggregate amount of withdrawals from the GEF Trust Fund Grant Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$1,500,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

- (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

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

- (b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

- (c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

- (d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories, 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 allocated to the eligible Categories

shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Advance Account or 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.

7. (a) The Recipient shall withdraw from the Special Account and deposit into each Advance Account funds to assist the beneficiary of such account to pay for works, goods, services and incremental expenditures under the Project. Such withdrawals and deposits shall be in amounts sufficient to assist each beneficiary, in the manner contemplated in this Agreement, to pay for such goods, works, services and incremental expenditures in due course, provided that at no time shall the Recipient cause the amount held in any Advance Account to exceed the equivalent of, respectively, \$200,000 for CITET and \$5,000 for APAL.

(b) Payments out of Advance Accounts shall only be made for eligible expenditures in respect of Categories (1) to (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

(c) Any withdrawal from any Advance Account must be justified to the Recipient by the same documentation and other evidence regarding eligible expenditures provided for under paragraph 3 of this Schedule.

(d) If the Bank or the Recipient shall have determined at any time that any amount outstanding in any Advance Accounts will not be required to cover further payments for eligible expenditures, the beneficiary of such Advance Account shall, promptly upon notice from the Bank or the Recipient, refund to the Special Account such outstanding amount.