

**CONFORMED COPY**

---

---

**GEF TRUST FUND GRANT NUMBER TF097703  
RELATED TO LOAN NUMBER 7921-TN**

# **Global Environment Facility Grant Agreement**

**(Second Natural Resources Management Project)**

**between**

**REPUBLIC OF TUNISIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**acting as an Implementing Agency of the Global Environment Facility**

**Dated October 7, 2010**



**GEF TRUST FUND GRANT NUMBER TF097703  
RELATED TO LOAN NUMBER 7921-TN**

**GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT**

AGREEMENT dated October 7, 2010, entered into between REPUBLIC OF TUNISIA (“Recipient”); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”).

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“Standard Conditions”) 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 Standard Conditions, the Appendix to this Agreement, and the Loan Agreement, and the term “Loan Agreement” means the Agreement between the Borrower and the Bank, as such Agreement may be amended from time to time.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MAWRF and MESD in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III  
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to nine million seven hundred thirty thousand United States Dollars (US\$9,730,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

**Article IV  
Effectiveness; Termination**

- 4.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Recipient has adopted and submitted the POPM to the Bank.
  - (b) The Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) has been fulfilled.
- 4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

**Article V  
Recipient’s Representative; Addresses**

- 5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Development and International Cooperation.
- 5.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Development and International Cooperation  
Place Ali Zouaoui  
1069 Tunis  
Republic of Tunis

Cable:	Telex:	Facsimile:
MCIIE	18060	212-71-351666/ 216-71-799069

- 5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

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

REPUBLIC OF TUNISIA

By /s/Mohamed Nouri Jouini

Authorized Representative

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

By /s/ Shamshad Akhtar

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve living conditions for rural communities in the Project Area inter alia by fostering increased access to basic infrastructure and services, sustainable increase of income, improved natural resource management practices and promotion of an integrated approach to community-based development among various stakeholders.

The Project consists of the following parts:

#### Part A: Financing for Execution of Investments Selected under the PDP Framework.

Carrying out of selected investments encompassing works, equipment, tools, materials, consultants' services and training, to sustain development activities in the following areas:

- (i) Construction and rehabilitation of water harvesting infrastructure, establishment and rehabilitation of public and private irrigation schemes; and construction of drinking water supply systems.
- (ii) Construction and rehabilitation of rural feeder roads.
- (iii) Development of sustainable agricultural production systems through improved delivery of agricultural extension and advisory services, improvement of pastoral, sylvo-pastoral, and forested areas, dissemination of climate-resilient farming practices, diversification of rural economic activities, and promotion of efficient water and soil conservation practices.

#### Part B: Development and Promotion of Use of Treated Wastewater in Agriculture

1. Carrying out of: (a) a feasibility study aimed at assessing, costing and testing the options to maximize benefits to be derived from the use of treated wastewater produced from the Greater Tunis area and transferred to rural areas; and (b) an assessment of degraded lands susceptible to being improved through the use of treated wastewater for agricultural purposes, and for adapting and mitigating the impact of climate change.
2. Development of pilot schemes to demonstrate the value and benefits to be derived from the use of treated wastewater to preserve and intensify agricultural production systems on degraded lands.

Part C: Institutional Strengthening and Sensitization to Environmental Issues and IPA Methodology

1. Strengthening the capacity of institutions involved in implementation of the Project at the national, regional and local levels including RCADs and ADGs through the provision of logistical support, technical advisory services and adequate training programs.
2. Strengthening the CCU's capacity to manage the Project efficiently including ensuring adequate monitoring and evaluation, and compliance with all safeguard measures related to implementation of the environment and social protection framework.
3. Development and execution of a communication and sensitization action plan aimed at raising awareness on environmental themes and IPA methodology.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional and Other Arrangements**

##### **A. Institutional Arrangements**

1. The Recipient shall: (a) ensure overall Project coordination through the CCU; and (b) maintain the CCU with functions and responsibilities satisfactory to the Bank and with staff in adequate numbers whose qualifications and experience are at all times satisfactory to the Bank.
2. The Recipient shall implement the Project in accordance with the provisions of the POPM and shall not amend, suspend, abrogate, repeal or waive any provision of the POPM without prior approval by the Bank.
3. By December 31, 2010, the Recipient shall establish and thereafter maintain an adequate monitoring and evaluation system designed to monitor progress achieved in the execution of the Project.

##### **B. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”).

##### **C. Safeguards**

1. The Recipient shall: (i) cause the Project to be carried out in conformity with the provisions of the SDR, the FDESP and the RPF; (ii) inform the Bank of any developments in the Environmental Legislation applicable to, and that may affect the implementation of, the Project; and (iii) not change, modify or otherwise amend said SDR, FDESP and RPF in a manner inconsistent with the Project, without prior concurrence of the Bank.
2. The Recipient shall cause MAWRF to ensure that: (i) prior to the carrying out of any Project activities not identified, assessed, nor included in the FDESP, such activities shall be subject to an Environmental Assessment, under terms of reference and in form and substance satisfactory to the Bank; and (ii) mitigating and monitoring measures for impacts of said activities are carried out in accordance with the provisions of the SDR and the FDESP.



3. The Recipient shall, in the context of the reports referred to in Section II.A.1 of this Schedule, cause to be prepared and provided to the Bank for its review reports on the application of the provisions of the FDESP to Project activities. The Bank may provide comments as appropriate on said reports, notably to agree with the MAWRF on remedial actions to be taken by the MAWRF to achieve compliance with the SDR, and the FDESP and the RPF.
4. The Recipient shall ensure that any activity under Part A and Part B.2 of the Project, requiring land acquisition is carried out in accordance with the RPF.

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

### **A. Project Reports; Completion Report**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five (45) days one month after the end of the period covered by such report.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section III of this Schedule.

### **B. Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project 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 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 Bank 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 paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) National Competitive Bidding, subject to the following additional provisions: <ol style="list-style-type: none"><li>(i) The bidding document clearly explains the bid evaluation, award criteria and bidder qualification criteria;</li><li>(ii) Any bidder registered in an eligible country, as defined in paragraphs 1.6 to 1.8 of the Procurement Guidelines will be eligible to bid; therefore no restriction based on nationality of bidders or origin of goods shall apply and foreign bidders shall not be subject to any unjustified requirement which will affect their ability to bid;</li><li>(iii) Government-owned enterprises in the Recipient'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 independent from contracting entity;</li></ol>

(iv) Bidders will be allowed to deliver their bids by mail or by hand before the expiration of the deadline for submitting bids;

(v) Technical and financial envelopes are submitted together and opened in public, simultaneously during a unique session open to the public for works, goods and non-consulting services; amounts shall be read aloud during the public session; bidders or their representatives are authorized to attend the bid opening session. The date, time and place for bid opening shall be announced in the invitation to bid; these date and time shall be the same as for the deadline for receipt of bids or immediately thereafter;

(vi) Bids are evaluated on price and any other criteria disclosed in the bidding documents and quantified in monetary terms and contracts are awarded to the qualified bidder having submitted the lowest evaluated responsive bid, and price shall not be negotiated with the lowest evaluated bidder except under the provisions stated in paragraph 2.63 of the Procurement Guidelines;

(vii) Procedures will include the publication of the evaluation results, the contract award and provision for bidders to protest;

(viii) If foreign firms wish to participate, they shall be allowed to do so and no provision for preferential treatment of national firms or mandatory association with a national firm or prior registration in the country of the Recipient shall be applied;

(ix) 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; and

(x) Each bidding document and contract for goods and works to be financed from the proceeds of the Loan shall provide that the supplier, contractor and subcontractor shall permit the Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

(b) Shopping

(c) Direct Contracting

**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.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the 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.

<b>Procurement Method</b>
(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 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.

**Section IV. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank 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 Grant ("Category"), the allocations of the

amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in US Dollars)</b>	<b>Percentage of Expenditures to be financed (exclusive of Taxes)</b>
(1) Works under Parts A and B of the Project	3,800,000	100%
(2) Goods, consultants' services and training	5,000,000	100%
(3) Unallocated	930,000	
<b>TOTAL AMOUNT</b>	<b>9,730,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments prior to the date of this Agreement.
2. The Closing Date is December 31, 2015.

## APPENDIX

### 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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “CCU” means the Central Coordination Unit established within the DFIPO.
5. “DFIPO” means the Recipient’s General Directorate of Finance, Investment and Professional Organizations within MAWRF.
6. “Environmental Assessment” or “EA” means an environmental assessment, acceptable to the Bank, prepared by the Recipient in accordance with the Recipient’s Environmental Legislation described in the SDR and the FDESP, evaluating the environmental impact of Project activities and setting forth the mitigating, institutional, and monitoring measures for activities undertaken under the Project.
7. “Environmental Legislation” means the Recipient’s set of laws, decrees, arrêts or decisions described in the SDR and the FDESP, including, but not limited to legislation and relevant implementing regulations applicable to environmental impact assessments, and legislation governing air, water and soil protection and emission standards, and all secondary legislation related thereto.
8. “FDESP” means the Borrower’s Framework Document for Environmental and Social Protection or "FDESP", dated December 2009, attached to the SDR and describing: (i) the overall legal and regulatory framework applicable to the Project; (ii) the environmental analysis of the Project components, (iii) the EA processes applied by MAWRF, including implementation of ESMPs; (iv) environmental supervision and monitoring, (v) training and capacity strengthening, and (vi) budget, all as they shall be applied to Project activities consistent with the Environmental Legislation and the same as they may be amended from time to time with the prior concurrence of the Bank.

9. “GEF Grant Agreement” means the GEF Grant Agreement to be entered into between the Recipient of the GEF Grant and the Bank, as such agreement may be amended from time to time.
10. “Integrated Participatory Approach Methodology” or “IPA” means the methodology to be used to formulate and to implement the PDPs referred to under Part A of the Project.
11. “MAWRF” means the Ministry of Agriculture, Water Resources, and Fisheries of the Recipient, or any successor thereto.
12. “MESD” means the Ministry of Environment and Sustainable Development of the Recipient or any successor thereto.
13. “POPM” or “Project Operational Procedures Manual” means the manual describing the implementation, financial management, procurement, disbursement, monitoring and evaluation, and reporting arrangements for the Project, and referred to in Section I.A.2 of Schedule 2 to this Agreement.
14. “PDP” or “Participatory Development Plan” means the participatory development plan prepared by a community association with assistance and advisory services provided by community workers and other relevant staff from the concerned RCAD.
15. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May15, 2010 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.
17. “Project Area” means the Governorates of Jendouba, Kasserine and Medenine, respectively, on the territory of which the Project activities will be carried out.
18. “RCAD” means Regional Commissariat for Agriculture Development, an administrative public institution (“établissement public à caractère administratif”) established and operated pursuant to the Recipient's Law No. 89-44 dated March 8, 1989, and its related implementing decrees.
19. “RPF” mean the Recipient’s policy framework adopted in December 2009, providing procedures and guidelines for the preparation, adoption, implementation and monitoring of a land acquisition plan or plans, as said RPF may be amended from time to time with the prior concurrence of the Bank.

20. "Safeguard Diagnostic Review" and "SDR" mean the report dated December 2009 prepared by the Bank in collaboration with the Recipient, for the purpose of using the Borrower's environmental assessment system for the preparation and implementation of the Project and disclosed in Tunisia on February 5, 2010 and on the World Bank InfoShop on February 16, 2010.