

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF023524 KH
GEF Trust Fund Grant Agreement
related to Credit Number 3320 KH

Global Environment Facility Trust Fund Grant Agreement

(Biodiversity and Protected Areas Project)

between

KINGDOM OF CAMBODIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated March 7, 2000

GEF TRUST FUND GRANT NUMBER TF023524 KH

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated March 7, 2000, between KINGDOM OF CAMBODIA (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 No. 94-2);

(C) the second replenishment of the GEF Trust Fund was approved on the basis set forth in Resolution No. 98-2 of July 14, 1998, of the Executive Directors of the Bank (Resolution No. 98-2);

(D) 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 to be funded from contributions to the GEF Trust Fund under Resolution No. 98-2, which may include funds carried over from the first replenishment of the GEF Trust Fund under Resolution No. 94-2; and

(E) the Recipient has also requested the International Development

Association (the Association) to provide additional financing towards the financing of the Project by an agreement of even date herewith between the Recipient and the Association, the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to one million four hundred thousand Special Drawing Rights (SDR 1,400,000) (the Credit); 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 of the Bank, dated January 1, 1985, 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 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (18) and (20), 2.02 and 2.03;
 - (iii) Section 3.01;
 - (iv) Section 4.01 and the first sentence of Section 4.09;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02 (c), (e), (f), (i) and (k), 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) a new paragraph shall be added to the end of Section 2.01 to read as follows: "the term "Special Drawing Rights" and the symbol "SDR" mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement";
 - (ii) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 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;
 - (iii) the term "Borrower", wherever used in the General Conditions, means the Recipient;
 - (iv) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement;
 - (v) the term "Loan" and "loan", wherever used in the General Conditions, means the GEF Trust Fund Grant;
 - (vi) the term "Loan Account", wherever used in the General Conditions, means the GEF Trust Fund Grant Account;

(vii) The second sentence of Section 5.01 is modified to read: "Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.";

(viii) a new subparagraph is added after subparagraph (j) 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."; and

(ix) paragraph (c) of Section 9.07 of the General Conditions is modified to read as follows:

"(c) Not later than six months before the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, the Recipient shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution of the Project, its cost and the benefits derived and to be derived from it, the performance by the Recipient and the Bank of their respective obligations under the GEF Trust Fund Grant Agreement and the accomplishment of the purposes of the GEF Trust Fund Grant."

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 and the following additional terms have the following meanings:

(a) "Beneficiary" means a community or community group eligible for a Grant in accordance with the eligibility criteria specified in the Grant Guidelines, and for whose benefit a Grant is provided or is proposed to be provided;

(b) "Development Credit Agreement" means the agreement of even date herewith between the Recipient and the Association for the Project, as such agreement may be amended from time to time; and such term includes the "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through December 2, 1997), as applied to such agreement, and all schedules and agreements supplemental to the Development Credit Agreement;

(c) "Grant" means a grant made or proposed to be made by the Recipient out of the proceeds of the GEF Trust Fund Grant to a Beneficiary for the financing of one or more Sub-projects as set out in the Grant Guidelines;

(d) "Grant Guidelines" means the guidelines referred to in paragraph 7 of Schedule 4 to this Agreement, as such Grant Guidelines may be amended from time to time with the agreement of the Bank;

(e) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(f) "Sub-project" means an activity referred to under Part C.3 of the Project, and in respect of which a Grant is provided, or proposed to be provided, for the benefit of a Beneficiary; and

(g) "Sub-project Agreement" means an agreement between the Borrower and a Beneficiary, and referred to in paragraph 8 (g) of Schedule 4 to this Agreement.

ARTICLE II

The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount in various currencies equivalent to two million Special Drawing Rights (SDR 2,000,000).

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: (i) expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for carrying out the Project (other than Part C.3 of the Project) and to be financed out of the proceeds of the GEF Trust Fund Grant; and (ii) amounts paid (or, if the Bank shall so agree, to be paid) by the Recipient on account of Grants made under Part C.3 of the Project and in respect of which the withdrawal from the GEF Trust Fund account is requested.

(b) The Recipient may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2003, 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 its Ministry of Environment and shall carry out Part C.3 of the Project through the provincial governments of the Provinces of Ratanakiri and Stung Treng, with due diligence and efficiency and in conformity with appropriate administrative, engineering, and financial practices, and with due regard to ecological and environmental 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.

Section 3.02. For the purposes of Part C.3 of the Project, the Recipient shall allocate an amount of the GEF Trust Fund Grant not exceeding such amount as may be allocated from time to time to Category (5) of the table in paragraph 1 of Schedule 1 to this Agreement, to provide Grants to finance Sub-projects, on the terms and conditions specified in paragraph 8 of Schedule 4 to this Agreement, and on such other terms and conditions as shall be acceptable to the Bank.

Section 3.03. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' 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.

Section 3.04. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six months before the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan to ensure the continued achievement of the objectives of the Project; and

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

ARTICLE IV

Financial Conditions

Section 4.01. (a) The Recipient shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Recipient responsible for carrying out the Project or any part thereof.

(b) The Recipient shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall 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) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for 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;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Recipient shall carry out a time-bound action plan acceptable to the Bank for the strengthening of its financial management system for the Project in order to enable the Recipient, not later than March 31, 2001, or such later date as the Bank shall agree, to prepare quarterly Project management reports, acceptable to the Bank, each of which:

- (i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the Trust Fund Grant during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Trust Fund Grant during the six-month period following the period covered by said report;
- (ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and
- (iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Trust Fund Grant, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Recipient shall prepare, in accordance with guidelines acceptable to the Bank, and furnish to the Bank not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

Remedies of the Bank

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

(a) Subject to paragraph (b) of this paragraph:

(i) the right of the Recipient to withdraw the proceeds of any Credit made to the Recipient for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Development Credit Agreement, or

(ii) any such Credit shall have become due and payable prior to the agreed maturity thereof.

(b) Paragraph (a) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Bank that:

(i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and

(ii) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

ARTICLE VI

Effectiveness; Termination

Section 6.01. The following events are specified as conditions to the effectiveness of the GEF Trust Fund Grant within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Recipient has established an adequate financial management and accounting system, acceptable to the Bank, and selected independent auditors, in accordance with Section II of Schedule 3 to this Agreement, to audit the records and accounts of the Project pursuant to Section 4.01 of this Agreement;

(b) the Recipient has established a Project liaison office in its Ministry of Environment in Phnom Penh; and

(c) the Recipient has employed a Project Director, three Technical Team Leaders, a Project Accountant and a Procurement Specialist with terms of reference acceptable to the Bank and in accordance with Section II of Schedule 3 to this Agreement.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. 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 in charge of Finance 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 Economy and Finance
92nd Street
Phnom Penh
Kingdom of Cambodia

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

248423 (MCI)
64145 (MCI)

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.

KINGDOM OF CAMBODIA

By /s/ Roland Eng

Authorized Representative

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

By /s/ Julian Schweitzer

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:

Category	Amount of the GEF Trust Fund Grant Allocated (Expressed in SDR Equivalent) to be	% of Expenditures to be Financed
(1) Civil works	130,000	60%
(2) Goods	330,000	75% of foreign expenditures 50% of local expenditures
(3) Training	75,000	20%
(4) Survey and boundary demarcation	30,000	90%
(5) Grants for community activities under Part C.3 of the Project in:		100% of Grant amount
(a) Ratanakiri Province	45,000	
(b) Stung Treng Province	25,000	

(6)	Incremental operating costs	80,000	30%
(7)	Consultants' services	1,100,000	60%
(8)	Unallocated	185,000	
	TOTAL	2,000,000	

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 operating costs" means expenditures incurred by the Ministry of Environment under the Project on account of: operation and maintenance of a vehicle, equipment and facilities; office consumables and materials; banking fees; travel expenditures for staff travelling to Ratanakiri and Stung Treng Provinces, including field allowances, and medicines or medical treatment as required; and wages of drivers and contract staff.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures prior to the date of this Agreement; and

(b) in respect of payments under Category (5) of the table in paragraph 1 of this Schedule, unless the Grant Guidelines have been duly approved by the Bank and adopted by the Recipient.

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 for: (a) goods (except vehicles), (b) training; (c) surveys and boundary demarcation; (d) grants; and (e) incremental operating costs; 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 payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent 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 or the portion thereof as specified by the Bank.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Recipient in (i) developing and testing proactive measures to minimize unsustainable exploitation and degradation of the bio-diversity of national and global significance in the Virachey National Park, and (ii) using the experiences gained from the activities in the Virachey National Park, to formulate institutional models for the development of the national protected areas system of Cambodia.

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: National Policy and Capacity Building

Development of the key elements of the Recipient's long-term strategy for the strengthening of the development and management of its national protected areas system, through:

1. The carrying out of a review of the organizational and management system of the Recipient's Ministry of Environment.

2. The development of a national curriculum for, and the implementation of, pilot professional development, leadership and ranger training programs.

3. The formulation of a sustainable financing strategy for the national protected areas system.
4. The development of prototype information systems to support the management of protected areas.
5. The development of management planning guidelines for national protected areas.
6. The carrying out of legal and regulatory studies relating to the establishment and management of protected areas.
7. The carrying out of public awareness and education programs related to protected areas management.
8. The upgrading of office facilities for the liaison office in the Ministry of Environment in Phnom Penh.
9. The provision of related technical assistance, and provision of vehicles, office equipment and furniture, and geographical information system (GIS) hardware and software.

Part B: Park Protection and Management

Development and testing of pilot initiatives to support the management needs of the Virachey National Park, through:

1. The construction of park headquarters, operational field bases, field outposts, trail systems and provision of equipment and supplies.
2. The establishment of park protection initiatives including ranger training, patrolling and monitoring, community outreach activities, and education and awareness raising.
3. The formulation of a model management plan for the Virachey National Park.
4. The carrying out of basic biological and socioeconomic surveys and related primary data acquisition, the production of maps, the carrying out of workshops, and boundary demarcation in selected areas of the park.
5. The provision of related technical assistance, and the provision of vehicles, office furniture, communication equipment and field equipment for park staff.

Part C: Community Development

Development and replication of community-based initiatives aimed at reducing pressure on the biological resources of the Virachey National Park, through:

1. The carrying out of in-depth natural resource and socioeconomic assessments of communities in and around the park.
2. The development, by communities within and around the park, of village and commune development plans.
3. The provision of Grants to Beneficiaries for the carrying out of investment activities and technical assistance, including implementation of community-based resource management plans, small-scale community infrastructure, and small-scale alternative livelihood schemes in communities within and around to Virachey National Park in the provinces of Ratanakiri and Stung Treng.
4. The construction of Project office facilities in Ban Lung in the province of Ratanakiri.
5. The carrying out of training in community based planning techniques, participatory rural appraisal, social assessment, and community natural resource assessments for staff of the Ministry of Environment and of the provincial departments of Environment, rural Development, Forestry and Tourism of the provinces of Ratanakiri and Stung Treng.
6. The provision of related technical assistance, and the provision of vehicles, office furniture and equipment. The Project is expected to be completed by June 30, 2003.

Procurement and Consultants' Services

Section I. Procurement of Good and Works

Part A: General

Goods and works shall be procured in accordance with (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Guidelines), and (b) the provisions of the following Parts of this Section I.

Part B: Procurement Procedures

1. National Shopping

Goods (except vehicles) shall be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

2. Procurement from UN Agencies

Vehicles shall be procured from the United Nation's Inter-Agency Procurement Services Office in accordance with the provisions of paragraph 3.9 of the Guidelines.

3. Procurement of Small Works

Works shall be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part C: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for vehicles the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract for civil works and the first four contracts for goods (other than vehicles) the following procedures shall apply:

- (i) prior to the selection of any supplier and execution of any contract under shopping procedures, the Recipient shall provide to the Bank a report on the comparison and evaluation of quotations received;
- (ii) prior to the execution of any contract procured under shopping procedures, the Recipient shall provide to the Bank a copy of the specifications and the draft contract; and
- (iii) the procedures set forth in paragraphs 2(f), 2(g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Recipients" published by the Bank in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

Part B: Procedures for the Selection of Consultants

1. Quality-based Selection

Services for technical assistance under the Project (including a senior project advisor, a senior protected areas advisor, and a senior community development advisor) shall be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Individual Consultants

Services for technical assistance under the Project (including a project director, three technical team leaders, a project accountant, an auditor, an environmental and a domestic legal specialist, a senior ecologist, a sustainable financial specialist, a procurement specialist, biologists and social scientists) that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines, shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part C: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

SCHEDULE 4

Implementation Program

1. The Recipient shall establish and, thereafter, maintain until completion of the Project, a Project liaison office in its Ministry of Environment in Phnom Penh, with qualified staff in adequate numbers.

2. The Recipient shall establish, not later than June 30, 2000, and, thereafter maintain until completion of the Project, a Project Management Office in Ban Lung, in the province of Ratanakiri, with competent staff in adequate numbers.

3. The Recipient shall, until completion of the Project, furnish to the Bank information relating to land allocations and land transactions which may affect the integrity and the management objectives of Virachey National Park.

4. In carrying out Part B of the Project, the Recipient shall:

(a) not later than April 1, 2003, prepare in accordance with guidelines

agreed with the Bank, and furnish to the Bank for comments a draft management plan for Virachey National Park; and

(b) not later than July 31, 2003, issue the management plan taking into account the comments of the Bank on the draft.

5. In carrying out Part B of the Project, the Recipient shall, not later than June 30, 2003, complete the gazettelement of the boundaries of the Virachey National Park.

6. The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators agreed between the Recipient and 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 March 1, 2002, a report integrating the results of the monitoring and evaluation activities performed pursuant to sub-paragraph (a) of this paragraph, 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 April 1, 2002, or such later date as the Bank shall request, the report referred to in sub-paragraph (b) of this paragraph, 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.

7. In carrying out Part C.3 of the Project, the Recipient shall prepare and transmit to the Bank for comments, and thereafter adopt in form and substance acceptable to the Bank, Grant Guidelines, giving details of all procedural arrangements for the review, appraisal, supervision, and monitoring and evaluation, of Sub-projects, including procedures for submission and review of requests for financing, criteria for the review and approval of Sub-projects, and approval of Grants, applicable procurement, disbursement and other implementation guidelines, participatory rural appraisal implementation guide, and model forms of Sub-project Agreements and works contracts with local contractors.

8. Further to Section 3.02 of this Agreement, the proceeds of the GEF Trust Fund Grant allocated to Category (5) of the table in paragraph 1 of Schedule 1 to this Agreement shall be subject to the following additional terms and conditions:

(a) the amount so allocated shall be used exclusively to provide Grants to finance Sub-projects, in accordance with criteria, and terms and conditions, set forth in the Grant Guidelines;

(b) no Grant shall be granted except to finance a Sub-project which (i) is technically sound and feasible, and financially viable, and (ii) contributes to the living standards and well-being of the community or community group concerned;

(c) no Sub-project shall be considered for approval unless:

(i) the Beneficiary has provided a plan for the maintenance of any productive assets resulting from the Sub-project, upon its completion, and for the payment of recurrent expenditures required thereunder;

(ii) in the case of a Sub-project involving the involuntary resettlement of persons, a policy framework, acceptable to the Bank, for the proper compensation, rehabilitation and resettlement of such affected persons has been developed, and reflected in the Grant Guidelines, and a resettlement action plan, acceptable to the Bank and consistent with such policy framework, has been established and agreed upon with such affected persons;

(d) every Sub-project proposal shall be classified according to environmental impact category, and subjected as necessary to environmental impact analysis, to ensure that:

(i) it is fully consistent with environmental appraisal criteria set

out in the Grant Guidelines, and

- (ii) where appropriate, mitigation measures designed to minimize adverse effects of the proposed Sub-project are identified and incorporated in the Sub-project design;

(e) Grants shall be provided for the benefit of eligible Beneficiaries, and according to a cost-sharing formula, which shall be acceptable to the Bank and specified in the Grant Guidelines; provided, however, that:

- (i) the proceeds of a Grant shall not be used to finance taxes or duties levied on or in respect of eligible expenditures relating to a Sub-project, or any part thereof; and

- (ii) except as the Bank shall otherwise agree, the amount of each Grant shall not exceed \$2,500 equivalent, or 90 percent of the total cost of the Sub-project, whichever is less;

(f) goods, services and works required for the purposes of financing Sub-projects shall be procured in accordance with procedures referred to in Schedule 3 to this Agreement, and set forth in the Grant Guidelines; and

(g) for purposes of each Grant, the Recipient shall conclude an agreement with the Beneficiary in the form of the model provided in the Grant Guidelines, setting forth the respective obligations of the parties thereunder, including details of disbursement schedules and procurement procedures, the amount of the Beneficiary's contribution to the cost of the Sub-project, and the right of the Recipient to:

- (i) require the Beneficiary (A) to carry out the Sub-project with due diligence and efficiency, in conformity with appropriate administrative, financial, engineering and technical practices, and with due regard to ecological and environmental factors, and to maintain adequate records, (B) to take out and maintain with responsible insurers, or make other provision satisfactory to the Recipient and the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice, (C) where applicable, to carry out the resettlement action plan or environmental mitigation measures agreed upon for purposes of the Sub-project, and referred to in sub-paragraph (c)(ii) and (d)(ii), respectively, of this paragraph, and (D) upon completion of the Sub-project, to make provision for the maintenance of any productive assets resulting therefrom, and for the payment of recurrent expenditures generated thereunder;

- (ii) obtain all such information as the Bank or the Recipient shall reasonably request relating to the implementation of the Sub-project and the performance of the Beneficiary thereunder; and

- (iii) suspend or terminate the right of the Beneficiary to the use of the proceeds of a Grant upon failure by such Beneficiary to perform its obligations under such agreement.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (7) 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 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 an amount equivalent to \$250,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an

amount equivalent to \$150,000 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 SDR1,000,000. 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 with respect to the Project, 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 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 GEF Trust Fund Granted 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.

