

Public Disclosure Authorized

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF052299-JO

Global Environment Facility Trust Fund Grant Agreement

(Conservation of Medicinal and Herbal Plants Project)

between

THE HASHEMITE KINGDOM OF JORDAN

and

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

Dated May 23, 2003

GEF TRUST FUND GRANT NUMBER TF052299 - JO

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated May 23, 2003, between HASHEMITE KINGDOM OF JORDAN (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); and

(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;

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend a grant (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; and
- (x) Article XI.

(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 (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;
- (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) 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.”; and
- (vii) 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.”

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) “EPP” means the MOP’s (as this term is hereinafter define) Enhanced Productivity Program;

(b) “EMP” means the Recipient’s environmental management plan for the Project dated February 6, 2003, as the same may be amended from time to time in agreement with the Bank, which plan: (i) sets out appropriate mitigation, monitoring, institutional and management measures required for the implementation of the Project to eliminate adverse environmental impacts, offset such impacts, or reduce them to acceptable levels; (ii) summarizes the procedures for the environmental screening, basic design, implementation and monitoring of the mitigating measures under the Project; and (iii) constitutes an integral part of the PIP (as this term is hereinafter defined);

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

(d) “Hotspots” means selected Project’s Areas (as this term is hereinafter defined) of various sizes where biodiversity is under increasing threat due to human activity, land degradation and environmental anomalies;

(e) “M/H plant(s)” means Medicinal and Herbal plant species that have cultivation and/or biodiversity potential whether trees, shrubs or annual/perennial herbaceous;

(f) “MOA” means the Recipient’s Ministry of Agriculture;

(g) “MOE” means the Recipient’s Ministry of Education;

(h) “MOENV” means the Recipient’s Ministry of Environment;

(i) “MOIT” means the Recipient’s Ministry of Industry and Trade;

(j) “MOH” means the Recipient’s Ministry of Health;

(k) “MOP” means the Recipient’s Ministry of Planning;

(l) “NCARTT” means the Recipient’s National Center for Agricultural Research and Technology Transfer;

(m) “NGO” means any non-governmental organization operating under the laws of the Recipient;

(n) “Project Area” means the Mujib Nature Reserve adjacent to the Dead Sea, and the Central Upper Slopes of the Rift Valley Sea in the Recipient’s territory;

(o) “Project Implementation Plan” or “PIP” means the Recipient’s Project Implementation Plan dated March 5, 2003 as the same may be amended from time to time in agreement with the Bank, setting out the principles and procedures governing the implementation of the Project, such plan to, *inter alia*: (i) define the respective roles and responsibilities of the agencies involved in the implementation of the Project; (ii) set forth the timetable of actions required to be carried out under the Project; (iii) identify the procedures to be used for monitoring and evaluating progress towards the achievement of the objectives of the Project; (iv) specify what is allowable to be funded from the Recipient as reserved procurement following the Recipient’s rules; and (v) set out the details of the EMP;

(p) “PMU” means the Project Management Unit, to be established and maintained within the MOP’s EPP, in accordance with the provisions of paragraph 3 of Schedule 4 to this Agreement;

(q) “PSC” means the Project Steering Committee referred to in paragraph 1 of Schedule 4 to this Agreement;

(r) “PTC” means the Project Technical Committee referred to in paragraph 2 of Schedule 4 to this Agreement;

(s) “Research Grant” means a grant under Part A.5 of the Project, made by the Recipient under a Research Grant Agreement (as this term is hereinafter defined) to a Research Student (as this term is hereinafter defined), pursuant to the provision of paragraphs 7 and 8 of Schedule 4 to this Agreement;

(t) “Research Grant Agreement” means an agreement entered into between the Recipient and a Research Student (as this term is hereinafter defined) pursuant to the provisions of paragraph 8 of Schedule 4 to this Agreement;

(u) “Research Student” means M.S. and/or PhD students eligible for a Research Grant prepared under Part A.5 of the Project, pursuant to the provisions of paragraph 8 of Schedule 4 to this Agreement;

(v) “RSCN” means the Recipient’s Royal Society for the Conservation of Nature; and

(w) “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 in various currencies equivalent to five million United States Dollars (US\$5,000,000).

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 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 carrying out the Project, and amounts paid (or, if the Bank shall so agree, to be paid) under Research Grants, 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 United States Dollars a special deposit account in its Central Bank on terms and conditions satisfactory to the Bank. 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 16, 2008 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 MOP with due diligence and efficiency and in conformity with appropriate administrative 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 and with the EMP, and the PIP.

Section 3.02. 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 3.03. 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 designed to ensure the continued achievement of the objective 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 a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each fiscal year audited, in accordance with auditing standards acceptable to the Bank, 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 (6) months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and 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 separate accounts reflecting such expenditures;
- (ii) retain, until at least one (1) 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 Recipient's progress reporting obligations set out in paragraph 3 of Schedule 4 to this Agreement, 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 45 days after the end of the first calendar quarter 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 quarter; thereafter, each FMR shall be furnished to the Bank not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

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, namely, that:

- (a) the Project Implementation Plan 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.

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 all their obligations hereunder.

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Minister of Planning 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 Planning
P.O. Box 555
Amman 11118
The Hashemite Kingdom of Jordan

Cable address:	Telex:
Ministry of Planning Amman	21319 JO

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)	1-202-477-6391

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.

HASHEMITE KINGDOM OF JORDAN

By /s/ Dr. Baseem I. Awadallah
Authorized Representative

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

By /s/ Hasan Tuluy
Acting Regional Vice President
Middle East and North Africa

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 United States dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil Works	150,000	75%
(2) Goods	700,000	100% of foreign expenditures 100% of local expenditures (ex- factory cost) and 85% of expenditures for other items procured locally
(3) Consultants' services and training	3,635,000	90% of expenditures for foreign firms or individuals, and local firms, 95% of expenditures for local individuals, and 100% of expenditures for training
(4) Research Grants under Part A.5 of the Project	200,000	100%

<u>Category</u>	<u>Amount of the GEF Trust Fund Grant Allocated (Expressed in United States dollars)</u>	<u>% of Expenditures to be Financed</u>
(5) Incremental Operating Costs	150,000	100%
(6) Unallocated	165,000	
TOTAL	<u>5,000,000</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 Operating Costs” means expenditures incurred by the PMU, RSCN and NCARTT, in connection with the carrying out of the Project, on account of office furniture and supplies, audit costs and local transportation, excluding salaries of officials of the Recipient’s civil service.

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 the equivalent of US\$500,000 may be made in respect of Categories (2) and (3) on account of payments made for pre-approved expenditures before that date but after March 15, 2003.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for: (i) goods and works under contracts costing less than US\$100,000 equivalent each; (ii) services of consulting firms under contracts costing less than US\$100,000 equivalent each; (iii) services of individual consultants under contracts costing less than US\$50,000 equivalent each; and (iv) Research Grants, 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 objectives of the Project are to improve the livelihood and health of rural communities through the conservation, management, and sustainable use of M/H plants for human and livestock needs in the Project Area while ensuring effective *in-situ* protection of threatened habitats and ecosystems.

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

1. Support, through the provision of goods, technical advisory services and training, to MOP to assist in the efficient and effective management of the Project.
2. Provision of technical advisory services to: (a) design an intellectual property rights framework; (b) establish a licensing process of M/H plants; and (c) establish a workable patent system.
3. Provision of goods, training and technical advisory services to: (a) expand national M/H plants geographic information system, database and gene pool within NCARTT; and (b) establish health and safety standards guidelines for the M/H plants sector.
4. Provision of: (a) short-term on-site instruction courses; (b) short-term workshops, courses, education visits; and (c) training, for all Project staff and local community stakeholders.
5. Financing of graduate research grants to carry out, with farmers and/or private sector, applied research related to the growing and production of M/H plants.

Part B: Pilot-Sites Conservation

1. Provision of goods, training and technical advisory services for *in-situ* conservation and sustainable use of M/H plants in the Project Area.
2. Provision of goods, training and technical advisory services to develop and carry out studies in the dynamics of M/H plants communities, their management and propagation both *in-situ* and *ex-situ*.

3. Preparation and implementation by RSCN of: (i) site conservation management plans for sustainable use of M/H plants and their products; and (ii) piloting of farmer-based cultivation trials for a selected number of threatened and indigenous medicinal species.

4. Provision of goods, training and technical advisory services to support: (i) inventory of flora and fauna and definition of the boundaries of the Hotspots in collaboration with knowledgeable parties; (ii) assessment of the supply and demand of M/H plants currently used by women for day-to-day health care needs; (iii) assessment of the sustainability of the wild supply in the Project Area; (iv) classification of M/H Plants status as to rare, endangered, or decreasing and significance to Jordan's bio-diversity; (v) design and implementation of guidelines for the sustainable harvesting of wild plants where cultivation is not possible; and (vi) establishment of methods for propagation and cultivation of selected M/H plant species in home gardens and in degraded habitats.

5. Provision of goods, training and technical advisory services to: (i) *ex-situ* farming demonstrations for pilot cultivation trials, at selected NCARTT stations, of threatened, rare and high demand M/H plants used for human and livestock health care, culinary purposes and species used by the cosmetic industry; and (ii) pilot-prototype farm demonstrations at selected farms.

6. Carrying out of monitoring and evaluation activities for the Project.

Part C: Education and Public Awareness

Carrying out, through the provision of goods, training and technical advisory services: (i) an environmental education program to introduce state-of-the-art knowledge about M/H plants in both formal and informal education; and (ii) public awareness campaigns that focus on providing knowledge on the role and importance of M/H plants in the conservation and community development agenda of the Recipient.

Part D: M/H Quality Enhancement and Product Development

Carrying out, through the provision of goods and technical advisory services, of studies on organic farming certification and standardization of M/H plants raw materials, processing, quality control, product development and promotion, and facilitating access to micro-credit through cooperative arrangements.

* * *

The Project is expected to be completed by June 16, 2008.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Good and Works

Part A: General

Goods and works shall be procured in accordance with 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 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B:

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Recipient.

Part C: Other Procurement Procedures

1. International or National Shopping

Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured under contracts awarded on the basis of international or national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

2. Procurement of Small Works

Small works under Part B of the Project, including incidental materials and tools required therefor, 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.

3. Procurement from UN Agencies

Vehicles may be procured from the Inter Agency Procurement Services Office (IAPSO) in accordance with the provisions of paragraph 3.9 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or 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: (i) the first three contracts for goods and works, irrespective of their value; and (ii) each contract for goods estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract to be procured in accordance with the procedures referred to in paragraph 2 or 3 under Part C of this Section, and estimated to cost less than \$100,000 equivalent, the following procedures shall apply:

- (i) prior to the selection of any supplier/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 direct contracting or 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 the provisions of Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Section.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provision shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph: the short list of consultants, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 and footnote 8 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Under a Fixed Budget

Services for institutional strengthening, pilot site conservation, education and public awareness under Parts A, B and C of the Project estimated to cost the equivalent of \$100,000 or more, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services which are estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Individual Consultants

Services of individual consultants for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Bank for its review and approval prior to the issuance to consultants of any requests for proposals. Such plan shall be updated every 12 months during the execution of the Project, and each such updating shall be furnished to the Bank for its review and approval. Selection of all consultants' services shall be undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Bank.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost less than \$100,000 equivalent, terms of reference, short lists and the first three contracts shall be furnished to the Bank for its prior review and approval.

(c) With respect to each contract for the employment of individual consultants: (i) to be selected on a sole source basis; or (ii) or estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, 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. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

(d) With respect to each contract for the employment of individual consultants estimated to cost less than \$50,000 equivalent, terms of reference, short lists

and the first three contracts shall be furnished to the Bank for its prior review and approval according to Section V of the Consultant Guidelines.

3. Post Review

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

SCHEDULE 4

Implementation Program

1. The Recipient shall, not later than April 15, 2003, establish and thereafter maintain PSC with qualified staff in adequate numbers. PSC shall meet at least six (6) times per year for the duration of the Project and shall consist of an estimated fourteen (14) members with a core of five (5) voting members. The PSC shall, *inter alia*, be responsible for: (a) strengthening national policy and advise the Recipient, the industry, and the community on issues relating to M/H plants; (b) promoting sustainable and expanded use of M/H plants; (c) developing links and avoiding duplication of efforts among the Recipient's agencies such as MOA, MOE, MOH, MOIT, MOP, MOENV, the growers of M/H plants, the pharmaceutical industry, other producers of M/H plant products, NGOs and the consumers; and (d) supervising and directing the implementation of the Project and approve annual work programs and budgets.

2. (a) The Recipient shall, not later than June 15, 2003, establish and thereafter maintain PTC with qualified staff in adequate numbers. PTC shall, *inter alia*, be responsible for providing technical guidance in implementing, monitoring and evaluation of the Project.

(b) PTC's membership shall include: (i) the Project Manager (chairman); (ii) the PMU staff; (iii) representative/s from academia; (iv) a representative from the private sector; (v) representative/s from the NGOs; (vi) an architect; and (vii) representatives from the interested donor agencies active in the Recipient country.

3. The Recipient shall, not later than March 30, 2003 establish and thereafter maintain, the PMU within MOP's EPP, with professional staff in adequate numbers and with qualifications, experience and terms of reference acceptable to the Bank. The PMU shall, *inter alia*, be responsible for: (a) implementation of the Project in accordance with the provisions of this Agreement, PIP, and EMP; (b) the planning, procurement, disbursement processes under the Project; and (c) monitoring progress in the implementation of the Project, and reporting in accordance with indicators agreed upon with the Bank.

4. The Recipient shall:

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

(b) prepare, under terms of reference acceptable to the Bank, and furnish to the Bank, commencing September 30, 2003 until completion of the Project: (i) quarterly progress reports, acceptable to the Bank, covering the implementation of the Project during the preceding period, each such report to include, *inter alia*, a detailed break-down

of expenditures incurred under the Project during the preceding period; and (ii) consolidate these report into yearly progress reports, each such yearly report shall include, *inter alia*, the Project impact, implementation plan and work program for the succeeding year.

(c) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about December 31, 2005 a mid-term report integrating the results of the monitoring and evaluation activities performed pursuant to subparagraph (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

(d) review with the Bank, by February 28, 2006 or such later date as the Bank shall request, the report referred to in subparagraph (c) 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 agreed recommendations of the Recipient and the Bank, and their views on the matter.

5. The PMU shall coordinate the Project activities through two (2) implementation units to be established, not later than May 31, 2003 and thereafter maintained, at both Project Pilot-sites referred to under Part B.1 of the Project.

6. The Recipient shall, not later than March 31, 2004 cause the local communities to design and implement in consultation with the local implementation unit, site community management plans. These plans shall include, *inter alia*, updated grazing arrangements, water-catchment and harvesting measures, enrichment planting, erosion control of wind and water, natural measures to increase and maintain fertility and integrated pest management initiatives, all in form and substance satisfactory to the Bank, and in conformity with the PIP and EMP.

7. Unless otherwise agreed by the Recipient and the Bank, no expenditures for a Research Grant shall be eligible for financing out of the proceeds of the Grant allocated from time to time to Part A.5 of the Project unless the Recipient shall have furnished evidence satisfactory to the Bank that: (a) a Research Grant Agreement has been entered into between MOP and a Research Student and has been approved by the PMU; and (b) Research Grant has been prepared pursuant to the principles, policies and guidelines set out in PIP.

8. A Research Grant shall be expended pursuant to a Research Grant Agreements to be entered into between the Recipient and a Research Student under terms and conditions satisfactory to the Bank which shall, *inter alia*, include:

(a) the obligation o the Research Student to carry out on-the-ground applied

research in accordance with the Research Grant Agreement and the PIP, with due diligence and efficiency and in accordance with sound environmental, agricultural, technical, and financial practices; and

- (b) the right of the Recipient to suspend or terminate the right of the Research Student to use the proceeds of the Research Grant upon failure to perform any of his or her obligations under his or her Research Grant Agreement.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1), (2), (3), (4) and (5) 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 Part G of 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 US\$500,000 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 US\$250,000 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 US\$1,000,000.

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 GEF 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 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.

Seble Berhanu
M:\legmn\JORDAN\GEF\M-H Plants GEF TF Grant Agreement(Board).doc
April 16, 2003 2:31 PM