Global Environment Facility
Trust Fund Grant Agreement

(Groundwater and Drought Management Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

and

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

Dated September 16, 2005
AGREEMENT, dated September 16, 2005, between 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, and SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC) (the Recipient).

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, inter alia, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution 94-2);

(C) the signatories of the SADC Instruments (as hereinafter defined) executed and ratified by the Republic of Angola, the Republic of Botswana, Democratic Republic of Congo, the Kingdom of Lesotho, Republic of Malawi, Republic of Mauritius, Republic of Mozambique, Republic of Namibia, Republic of South Africa, the Kingdom of Swaziland, United Republic of Tanzania, Republic of Zambia, and Republic of Zimbabwe (hereinafter collectively the SADC Member States), and SADC having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), have requested assistance from the resources of the GEF Trust Fund for financing 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;

(D) the Bank has received a letter from SADC Secretariat, dated April 11, 2005, confirming the SADC Council of Ministers’ Decision dated September 10, 1998, SADC Member States’ commitment to the objectives of the Project and to its implementation, and that the GEF Trust Fund Grant available for financing the Project may be allocated directly to the Recipient, in accordance with the terms and conditions of this Agreement; and

(E) the Recipient represents that it has the necessary legal capacity and powers to enter into this Agreement and to perform the obligations herein set forth;
WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

**ARTICLE I**

**General Conditions; Definitions**

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

(i) Article I;

(ii) Sections 2.01 (2), (3), (4), (5), (6), (7), (8), (14), (15), (16), (18) and (21), 2.02 and 2.03;

(iii) Section 3.01;

(iv) Sections 4.01 and 4.06;

(v) Article V;

(vi) Sections 6.01, 6.02 [(a)], (c), [(d)], (e), (f), (i), (l), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;

(vii) Section 8.01 (b);

(viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;

(ix) the second sentence of Sections 10.01 and Section 10.03;

(x) Article XI; and

(xi) Sections 12.01 (c), 12.03 and 12.04.
(b) The General Conditions shall be modified as follows:

(i) the term “Bank”, wherever used in the General Conditions, other than in Sections 2.01 (6), 6.02 (f) and 5.01 (a) thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;

(ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;

(iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;

(iv) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;

(v) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account;

(vi) a new subparagraph is added after subparagraph (o) in Section 6.02 of the General Conditions, as follows: “an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF.”;

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

(viii) Section 10.04 is amended to read: “Any dispute arising out of or relating to this Agreement which is not settled by agreement of the parties shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules in force on the date of this Agreement. The place of arbitration shall be Washington, D.C. In the event of a conflict between the UNCITRAL Arbitration Rules and the terms of this Agreement, the terms of this Agreement shall govern.”
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) “Deposit Account” means the account referred to in Part B.1 of Schedule 1 to this Agreement;

(b) “Eligible Categories” means Categories (1) through (5) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(c) “Eligible Expenditures” means the expenditures for goods, works and consultants’ services referred to in Section 2.02 of this Agreement;

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

(e) “Groundwater Management Institute of Southern Africa” or “GMISA” means the institute referred to in paragraphs 1 and 2 under Part C of Schedule 2 to this Agreement, to be established in accordance with SADC Instruments, and invested with the legal personality to perform all functions entrusted to it, including, inter alia, supporting SADC Member States in management of groundwater;

(f) “LIMCOM” means the Limpopo River Basin Commission established pursuant to the LIMPCOM Agreement, dated November 27, 2003, among the Republic of Botswana, the Republic of Mozambique and the Republic of South Africa;

(g) “Management Services Agreement” means the agreement to be entered into between the Recipient and the Project Services Agency (as hereinafter defined) for the purpose of supporting the Recipient in the administration and management of the Project, including financial management and procurement, and referred to in Section 6.01 (a) and paragraph 7 of Schedule 4 to this Agreement;

(h) “NGO” means nongovernmental organization;

(i) “Procurement Plan” means the Recipient’s procurement plan, dated January 14, 2005, covering the initial 18 month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation;
(j) “Project Services Agency” or “PSA” means the financial management and procurement services agent referred to in paragraph 7 of Schedule 4 to this Agreement;

(k) “Project Implementation Plan” means the plan referred to in Section 6.01 (b) and paragraph 5 of Schedule 4 to this Agreement and comprising policies, procedures and guidelines which shall be followed by the Recipient in the implementation of the Project;

(l) “Project Management Unit” or “PMU” means the unit referred to in paragraph 3 of Schedule 4 to this Agreement;

(m) “Project Steering Committee” means the committee responsible for overall Project oversight and referred to in Section 6.01 (c) and paragraph 1 of Schedule 4 to this Agreement;

(n) “SADC Water Division” means a division within the Directorate of Infrastructure and Services in the SADC Secretariat, responsible for providing, inter alia, technical advice on water resource management; and


ARTICLE II

The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount equal to seven million United States Dollars ($7,000,000).

Section 2.02. 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 and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.
Section 2.03. The Closing Date shall be November 30, 2009 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 with due diligence and efficiency and in conformity with appropriate administrative, financial and environmental 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. (a) Except as the Bank shall otherwise agree, procurement of the goods and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than 12 months after the date of the preceding Procurement Plan, for the Bank’s approval.

Section 3.03. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Recipient shall:

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

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

Financial Covenants

Section 4.01. (a) The Recipient shall cause the Project Services Agency to maintain 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) cause the Project Services Agency to have the records and accounts referred to in paragraph (a) of this Section including those for the Deposit 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 auditor, 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.

Section 4.02. The Recipient shall prepare and furnish to the Bank before or with the first application for withdrawal from the GEF Trust Fund Grant Account and, thereafter, cause the Project Services Agency to prepare and furnish to the Bank, not later than 45 days after the end of each calendar quarter, 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.

**ARTICLE V**

**Remedies of the Bank**

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

(a) the SADC Instruments shall have been amended, suspended, abrogated, repealed or waived as to affect materially and adversely the ability of the Recipient to carry out the Project;

(b) any of the SADC Member States shall have failed to afford a reasonable opportunity for representatives of the Bank to visit any part of its territory for the purposes related to the Project; and

(c) the Recipient or the Project Services Agency shall have failed to comply with the provisions of the Management Services Agreement in such manner as to affect materially and adversely the ability of the Recipient to carry out the Project.

**ARTICLE VI**

**Effectiveness; Termination**

Section 6.01. The following events are specified as additional 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 entered into a Management Services Agreement with the Project Services Agency under terms and conditions satisfactory to the Bank and in accordance with the provisions of Section III of Schedule 3 to this Agreement, and has established an adequate financial management system satisfactory to the Bank;

(b) the Recipient has furnished the Bank the Project Implementation Plan, in form and substance satisfactory to the Bank;
(c) the Recipient has established the Project Steering Committee in accordance with the provisions of paragraph 1 of Schedule 4 to this Agreement;

(d) the Recipient has commenced the process of appointing to the Project Management Unit key staff, including a Project Manager and a technical executive officer, with adequate qualifications and experience; and

(e) the Recipient has appointed the independent auditors referred to in Section 4.01(b) of this Agreement, in accordance with the provisions of Section III 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 Executive Secretary 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:
Southern African Development Community Secretariat
Private Bag 0095
Gaborone
Botswana

Facsimile:
(267) 3972848
(267) 3181070
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
Telex: 248423 (MCI)
Facsimile: (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 Pretoria, Republic of South Africa, as of the day and year first above written.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

By /s/ Remigious Makumbe
Authorized Representative

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

By /s/ Ritva Reinikka
Authorized Representative
SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

Part A. General

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the GEF Trust Fund Grant (Expressed in Dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td>1,610,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>630,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ services including audit fees and Project Services Agency’s fees</td>
<td>2,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Training and Workshops</td>
<td>760,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating costs</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>600,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,000,000</td>
<td></td>
</tr>
</tbody>
</table>

2. For the purposes of this Schedule the term “Operating costs” means incremental costs incurred under the Project on account of Project implementation and management, including fuel and maintenance for vehicles, equipment operation and maintenance, utilities, office supplies, communication expenses, but excluding salaries of the civil servants of SADC Member States and the employees of the Recipient.
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.

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

Part B. Deposit Account

1. The Recipient shall cause the Agent to maintain in United States Dollars a Deposit Account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Except as the Bank may otherwise specify by notice to the Recipient, all withdrawals from the GEF Trust Fund Grant Account shall be deposited by the Bank into the Deposit Account in accordance with the provisions of this Schedule. Payments out of the Deposit Account shall be made exclusively for Eligible Expenditures. For each payment made by the Agent out of the Deposit Account, the Recipient shall cause the Agent, at such time as the Bank shall reasonably request, to furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

2. Except as the Bank shall otherwise agree, withdrawals from the GEF Trust Fund Grant Account of amounts to be deposited into the Deposit Account shall be made in accordance with the procedures set forth in the Management Services Agreement, including:

   (a) the Recipient shall, promptly after the Effective Date, submit to the Bank an application for withdrawal, copied to the Agent, covering the total GEF Trust Fund Grant amount;

   (b) upon receipt by the Agent of notice from the Bank that the application referred to in subparagraph (a) above has been received in good order, the Agent may request the Bank to make direct payment to the Deposit Account to cover the estimated cost of Eligible Expenditures for an initial period of six months;

   (c) thereafter, the Agent shall submit payment requests to the Bank, copied to the Recipient, based on Financial Monitoring Reports; and

   (d) upon receipt of a request under subparagraph (c) above, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Deposit Account an amount equal to the lesser of: (i) the amount so requested; and (ii) the amount which the Bank has determined, based on the Financial
Monitoring Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said report to be remaining in the Deposit Account, shall not exceed the equivalent of US$1,000,000. Each such deposit into the Deposit Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Deposit Account’s Eligible Categories.

3. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Deposit Account:

   (a) if the Bank determines at any time that any Financial Monitoring Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

   (b) if the Bank determines at any time that all further withdrawals should be made by the Recipient directly from the GEF Trust Fund Grant Account; or

   (c) 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 (A) the records and accounts for the Deposit Account or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Financial Monitoring Reports.

4. The Bank shall not be required to make further deposits into the Deposit Account in accordance with the provisions of Part B.2 of this Schedule 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 Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Deposit Account may be made and what procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

5. (a) If the Bank determines at any time that any payment out of the Deposit Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank, provide or cause to be provided such additional evidence as the Bank may request, or deposit or cause to be deposited into the Deposit Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment.
(b) If the Bank determines at any time that any amount outstanding in the Deposit Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Recipient shall cause the Agent promptly upon notice from the Bank, to refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, cause to be refunded to the Bank all or any portion of the funds on deposit in the Deposit Account.

(d) Refunds to the Bank made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 5 shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the GEF Trust Fund Grant Agreement.
SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Recipient develop consensus among its Member States for regional strategic approach to support and enhance their capacities in defining drought management policies, specifically in relation to the role, availability, recharge and supply potential for ground water resources.

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 objective.


Carrying out pilot activities at selected transboundary sites in the Limpopo basin for testing the application and replicability of methods of decreasing the vulnerability of the local communities and groundwater dependent ecosystems to the effect of groundwater droughts, and strengthening the capacity of Member States’ institutions, government officials, NGOs, researchers and other stakeholders for developing appropriate management plans, data gathering, monitoring and interpretation, including:

(a) (i) collating and assessing existing information and knowledge on institutional, social, formal and customary water rights and economic situation relevant to groundwater droughts in the pilot areas, (ii) preparing an inventory of groundwater uses, users, polluters and pollution profile, and (iii) assessing opportunities for bi-structural interventions such as changes in water pricing schedules to promote conservation;

(b) (i) assessing regulatory provisions and institutional arrangements in the pilot areas in the context of implementation of groundwater protection and management, and (ii) identifying impediments to implementation and proposing appropriate measures for addressing such impediments;

(c) establishing representative zones within the pilot areas for interventions in groundwater drought mitigation;

(d) developing management plans for selected zones, including physical interventions, raising awareness at community-level, establishing user organizations and management groups, building the capacity for professional staff, technical staff of user
organizations in the pilot areas, monitoring of environmental, social and economic indicators relevant to the interventions, and data gathering;

(e) carrying out data collection, including inventory of boreholes, basic hydro geological characteristics, groundwater quality, permeability, recharge areas, and wetland ecology;

(f) carrying out physical interventions, including capacity building activities for professional staff, technical staff and local government staff, and awareness raising initiatives in conservation techniques;

(g) carrying out monitoring and evaluation of interventions;

(h) establishing lessons learnt from representative nodes and integrating them into an awareness creation program and decision support guidelines for groundwater management; and

(i) identifying and establishing an operational mechanism including institutions to facilitate development of local strategies, all through the acquisition of goods, provision of works, technical advisory service, training and conducting workshops.

Part B: SADC Regional Groundwater Management Support

Facilitating cooperation among SADC Member States’ institutions, including government officials, researchers, environment staff, and other stakeholders on transboundary management of aquifers, groundwater dependent ecosystems, through, inter alia:

1. Developing consensus on a framework for regional groundwater vulnerability map, including: (a) determining appropriate ways for mapping groundwater drought vulnerability in a workable and dynamic timeframe; (b) collating existing data and assessing information required for vulnerability mapping the SADC region, including SADC regional climate data from national institutions and Regional Drought Monitoring Centre; (c) collating and analyzing historical climate events resulting in groundwater deficiency; (d) conducting workshops to facilitate prioritization of transboundary aquifers for data collection and mapping; (e) establishing a SADC regional monitoring plan for developing vulnerability maps; (f) implementing a monitoring plan and establishing update mechanism for data base; (g) establishing data base and mapping system for the groundwater drought thematic maps; (h) determining how groundwater dependent ecosystems distribution and vulnerability can be mapped in a workable dynamic timeframe; (i) providing to the Member States, as may be necessary, appropriate training
and equipment for monitoring; (j) developing necessary capacity for monitoring database and mapping system; (k) developing dynamic vulnerability map and associated thematic layers; and (l) conducting workshops for presenting and approving the maps.

2. Carrying out research of groundwater knowledge, including:

   (a) the review of existing information on ecosystem dependence on groundwater within the SADC Member States;

   (b) inter-comparable data collection, including: (i) identifying potential groundwater dependent ecosystems, (ii) characterizing groundwater dependent ecosystems in different hydro geological environments, (iii) identifying the nature, extent and degree of dependency of the ecosystem on groundwater, (iv) identifying and quantifying goods and services that contribute to drought resilience at the community-level, (v) assessing current management systems relating to groundwater dependent ecosystems, (vi) recommending pragmatic measures that would address typical dependence cases, and (vii) indicating the value of environmental role of groundwater;

   (c) appropriate data record, and collecting additional data as may be necessary;

   (d) the development of methodology for economic valuation of groundwater;

   (e) the selection of representative transboundary activities and locations for determination of groundwater valuation; and

   (f) the implementation of methodology and establishing the value of groundwater, including establishing appropriate agreements on valuation methodology among SADC Member States.

3. Carrying out SADC regional awareness creation, including: (a) the development of a focused awareness campaign strategy for SADC Member States decision makers, including development of content for various groups of audiences for effective dissemination of information, establishment of most appropriate mechanisms for raising groundwater drought awareness, and establishing indicators and anticipated outcomes of such a campaign; and (b) awareness campaigns, including conducting workshops and other training as may be appropriate.

4. Carrying out the development of support guidelines and a knowledge management system for groundwater management in the SADC region, including, inter alia: (a) collating data and lessons learnt; (b) producing a SADC regional decision
support guidelines for groundwater drought management, and building a database; (c) designing guidelines and a mechanism for dissemination of information; (d) producing and disseminating SADC regional decision support guidelines for groundwater drought management; and (e) developing a system for maintaining and updating knowledge and management systems.

Part C: Establishment of Groundwater Management Institute of Southern Africa (GMISA)

1. Carrying out preparatory activities towards establishing the GMISA as a SADC regional institution with the responsibility of, *inter alia*, management of groundwater, and identifying for GMISA an appropriate host institution, including: (a) developing the concept of GMISA and the criteria for selection of a host institution for the GMISA; (b) reviewing and approving the criteria for GMISA host institution in consultation with the Member States; (c) carrying out a SADC regional institutional analysis for the potential host institution; (d) determining a shortlist of host institutions on the basis of appropriate SADC procedures; and (e) developing consensus among SADC Member States for the establishment of GMISA.

2. Carrying out activities to establish the GMISA and commencement of its operations as a SADC regional institution, including: (a) developing appropriate mandate or charter for GMISA; (b) assessing and recommending appropriate mechanisms for ensuring the operational and financial sustainability of GMISA; (c) assessing the potential for GMISA to function as a mechanism for mobilizing financial resources, and as a funding mechanism for SADC regional transboundary groundwater drought mitigation; (d) designing the terms of reference for prospective GMISA staff; (e) building appropriate capacity for monitoring, database and development of mapping system; and (f) initiating the functions of GMISA and transferring all activities proposed as be part of its mandate from other institutions.

Part D: Project Management and Administration

Strengthening the institutional capacity of the Recipient’s Secretariat to manage and implement the Project, including, *inter alia*: (a) building the capacity of SADC Water Division; (b) facilitating the establishment of the Project Steering Committee, and the PMU; and (c) building the technical capacity of PMU to implement the Project

* * *

The Project is expected to be completed by May 31, 2009.
SCHEDULE 3

Procurement

Section I. General

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

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

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

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

A. International Competitive Bidding

Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient and works to be carried out by domestic contractors.

B. Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than $150,000 equivalent per contract, and works estimated to cost less than $150,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding.
2. **Shopping**

Goods estimated to cost less than $50,000 equivalent per contract and works estimated to cost less than $50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

**Section III. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection**

   Except as otherwise provided in Part B of this Section, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than $100,000 equivalent per contract may comprise entirely national consultants.

2. **Selection Based on Consultants’ Qualifications**

   Services estimated to cost less than $200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

3. **Single Source Selection**

   Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

4. **Individual Consultants**

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

Except as the Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for goods estimated to cost the equivalent of $150,000 or more; (b) each contract for works estimated to cost the equivalent of $150,000 or more; (c) each contract for consultants’ service provided by individuals estimated to cost the equivalent of $50,000 or more; and (d) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more.

All other contracts shall be subject to Post Review by the Bank.
SCHEDULE 4

Implementation Program

I. Overall Project Oversight

1. The Recipient shall establish and thereafter maintain at all times during the implementation of the Project, a Project Steering Committee which shall be composed of a Senior technical representative of each SADC Member State, a representative of the Recipient’s Environment Unit, a representative of SADC Water Division, and a representative of LIMCOM. To this end, the Project Steering Committee may invite to its meetings such observers, as it may deem necessary from time to time.

2. The Project Steering Committee shall: (a) provide strategic guidance for Project implementation; (b) review financial reports of Project implementation; and (c) provide coordination for access to and collection of data between NGOs, national institutions and relevant regional institutions.

II. Project Administration and Management

3. The Recipient shall establish and thereafter maintain at all times during the implementation of the Project, a Project Management Unit and appoint thereto, in accordance with the provisions set forth in the Project Implementation Plan, staff having qualifications and experience satisfactory to the Bank, including a Project Manager and a technical executive officer.

4. Not later than December 31, 2007, the Recipient shall obtain and furnish to the Bank evidence of its Member States’ commitment to the sustainability of the GMISA.

5. The Recipient shall prepare and furnish to the Bank a Project Implementation Plan in form and substance satisfactory to the Bank setting out details of: (a) Project implementation arrangements; (b) Project financial management and disbursement arrangements; (c) Project performance indicators; and (d) such other administrative, financial and organizational arrangements as shall be required for the Project.

6. The Recipient shall carry out the Project in accordance with the provisions of this Schedule 4 and the procedures set out in the Project Implementation Plan, and shall not, except as the Bank may otherwise agree, amend or waive any provision thereof which, in the opinion of the Bank, may adversely and materially affect the implementation of the Project.
7. The Recipient shall appoint and maintain at all times during the implementation of the Project, a Project Services Agency. To this end, the Recipient shall maintain a Management Services Agreement with the Project Services Agency, and recruit the Project Services Agency in accordance with the provisions of Section III of Schedule 3 to this Agreement, under terms and conditions satisfactory to the Bank, Section 3.03 including, inter alia, the obligations of the Project Services Agency to:

   (a) support the Recipient in carrying out the following tasks: (i) technical, general administration and implementation support; (ii) financial management and disbursement; (iii) procurement; (iv) monitoring and evaluation; and (v) strengthening the capacity of the Recipient for project administration and management; and

   (b) comply with those obligations pertaining to the Project Services Agency referred to in Section 4.01 and 4.02 of this Agreement.

III. Monitoring and Reporting

8. 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 set forth in Schedule 5 to this Agreement, 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: (i) on or about May 31 of each year; and (ii) on or about 30 months after Effectiveness Date, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 8(a) of this Schedule 4, 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, no later than two months or 60 days after the date of such report referred to in paragraph (b) (ii) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank’s views on the matter.
SCHEDULE 5

Performance Indicators

1. SADC, river basin organizations and SADC Member States are better able to mitigate against groundwater drought by adopting the management guidelines and tools, by the end of the Project.

2. Pilot area management plans adopted and implemented, 50% by November 30, 2008, and 100% by the end of the Project.

3. Regional guidelines and tools endorsed by SADC Water Resources Technical Committee by the end of the Project.

4. Project activities successfully completed by the end of the Project.