

Senator Dr. the Honourable Bhoendradatt Tewarie  
Minister  
Ministry of Planning and Sustainable Development  
Level 14, Eric Williams Finance Building  
Independence Square, Port of Spain  
Trinidad

Ref: TRINIDAD AND TOBAGO. Nonreimbursable  
Technical Cooperation No. ATN/OC-13321-TT.  
Piloting the Integration of Coastal Zone  
Management and Climate Change Adaptation in  
Tobago.

Dear Minister,

The purpose of this letter of agreement, hereinafter referred to as the “Agreement”, between the Republic of Trinidad and Tobago, hereinafter referred to as the “Beneficiary”, and the Inter-American Development Bank, hereinafter referred to as the “Bank”, which we are submitting for your consideration, is to formalize the terms and conditions of a grant for a nonreimbursable technical cooperation to the Beneficiary, up to the amount of six hundred thousand dollars of the United States of America (US\$600,000), which shall be chargeable to the resources of the Sustainable Energy and Climate Change IDB Special Program (IDB SECCI Fund), hereinafter referred to as the “Contribution”, to finance the procurement of goods and related services and the selection and contracting of consultants necessary for the execution of a technical cooperation project to pilot the integration of coastal zone management and climate change adaptation in Tobago, hereinafter referred to as the “Project”, which is described in the Annex to this Agreement. Unless otherwise stated in this Agreement, the term “dollars” shall hereinafter refer to the currency of legal tender in the United States of America.

The Bank and the Beneficiary agree upon the following:

**First. Components of the Agreement.** This Agreement consists of this part one, referred to as the “Special Conditions”, part two, referred to as the “General Conditions”, and the Annex attached hereto. The prevalence between the aforesaid parts and the Annex is established in Article 1 of the General Conditions.

**Second. Executing Agency.** The execution of the Project and the utilization of the resources of the Bank’s Contribution shall be carried out by the Institute of Marine Affairs, hereinafter referred to as interchangeably, the “Executing Agency” or “IMA”, whose legal and financial capacity to function as such is certified by the Beneficiary.

**Third Conditions Precedent to First Disbursement.** The first disbursement of the resources of the Contribution shall be subject to the fulfillment by the Beneficiary, directly or through the Executing Agency and to the satisfaction of the Bank, of the conditions set forth in Article 2 of the General Conditions, as well as the hiring of the Project Coordinator in accordance with the terms of references previously agreed with the Bank.

**Fourth. Reimbursement of Expenditures Chargeable to the Contribution.**

With the consent of the Bank, resources of the Contribution may be used to reimburse expenditures incurred or to finance those that may be incurred in the Project on or after July 10, 2012, and up to the effective date of this Agreement, provided that requirements substantially similar to those set forth in this Agreement have been fulfilled.

**Fifth. Deadlines.** (a) The period for execution of the Project shall be fourteen (14) months, from the effective date of this Agreement.

(b) The period for disbursement of the resources of the Contribution shall be eighteen (18) months from said date. Any part of the Contribution which has not been utilized within this period shall be canceled.

(c) The aforementioned deadlines and any others that may be stipulated in this Agreement may be extended only when duly justified, and with the written consent of the Bank.

**Sixth. Total Cost of the Project and Additional Resources.** (a) The Beneficiary undertakes, either directly or through the Executing Agency, as applicable, to make timely provision of the resources required, in addition to the Contribution, for the complete and uninterrupted execution of the Project (hereinafter referred to as the "Counterpart Resources"). The total amount of Counterpart Resources required is estimated to be the equivalent of one hundred fifty two thousand and five hundred dollars (US\$152,500), to make up a sum equivalent to seven hundred fifty two thousand and five hundred dollars (US\$752,500), which is estimated to be the total cost of the Project. These estimates do not reduce the obligation of the Beneficiary to provide any additional resources required to complete the Project.

(b) The Counterpart Resources provided by the Beneficiary may be in kind and shall be used to finance the cost categories which are chargeable to it, as established in the Project's budget set forth in the Annex.

**Seventh. Recognition of Expenses Chargeable to the Counterpart Resources.** The Bank may recognize as part of the Counterpart Resources for the Project expenditures incurred or which may be incurred in the Project on or after July 10, 2012, and up to the effective date of this Agreement, provided that requirements substantially similar to those set forth in this Agreement have been fulfilled.

**Eighth. Currencies for Disbursements.** The Bank shall disburse the Contribution in dollars. The Bank may convert these convertible currencies into other currencies, including the local currency, by applying the exchange rate indicated in Article 9 of the General Conditions.

**Ninth. Exchange Rate.** For the purposes of Article 9 of the General Conditions of this Agreement, the parties agree that the applicable exchange rate shall be as stated in paragraph (b)(i) of said Article. In this case, the applicable rate shall be the average rate for the month prior to the date on which the Beneficiary, the Executing Agency, or any other person or entity with delegated authority to incur expenditures, makes the respective payments to the contractor or supplier.

**Tenth. Use of the Contribution.** The resources of the Contribution may be used only for the procurement of goods and related services and the selection and contracting of consultants of the member countries of the Bank. Consequently, the procedures and specific bidding documents for bidding processes or other forms of contracting financed with the resources of the Contribution shall allow free competition of providers of goods and related services and of consultants of said countries.

**Eleventh. Procurement of goods and related services.** (a) Goods and related services shall be procured in accordance with document GN-2349-9 (“Policies for the Procurement of Works and Goods financed by the Inter-American Development Bank”) dated March 2011, hereinafter referred to as the “Procurement Policies”, of which the Beneficiary confirms its knowledge and undertakes to make known to the Executing Agency, and with the Procurement Plan referred to in paragraph Thirteenth of these Special Conditions.

(b) The Executing Agency may use the direct contracting method for the procurement of goods for the purchase and installation of Coral Reef Early Warning System (CREWS) in accordance with the provisions of paragraphs 3.6 and 3.7 of the Procurement Policies.

**Twelfth. Contracting of Consultants.** The selection and contracting of consultants shall be carried out in accordance with the provisions of document GN-2350-9 (“Policies for selection and contracting of consultants financed by the Inter-American Development Bank”) dated March 2011, (hereinafter referred to as the “Consultants Policies”), of which the Beneficiary confirms its knowledge and undertakes to make known to the Executing Agency, and in accordance with the following provision:

(a) The Executing Agency, may use the method established in Section II and in paragraphs 3.16 to 3.20 of the Consultants Policies to select consultants based on quality and cost as well as any of the methods established in Sections III and V of the Consultants Policies to select consulting firms and individual consultants, respectively. For purposes of paragraph 2.7 of the Consultants Policies, the short list of consultants whose estimated cost is less than the equivalent of US\$200,000 per contract may comprise entirely national consultants.

**Thirteenth. Procurement Plan.** Prior to issuing any request for bids in the case of goods and related services or commencing any selection and contracting of consultants the Executing Agency shall submit, for review and approval by the Bank, the proposed Procurement Plan for the Project, (hereinafter referred to as the “Procurement Plan”), which shall include the estimated cost of each contract, the contract grouping, and applicable methods of procurement and selection, pursuant to paragraph 1 of Appendix 1 of the Procurement Policies and Consultants Policies. This Procurement Plan shall be updated every twelve months or as needed during Project execution, and each updated version shall be submitted to the Bank for review and approval.

**Fourteenth. Review of Contracts.** Except as the Bank may otherwise determine in writing, each contract for procurement of goods and related services and selection and contracting of consultants shall be subject to ex ante review, in accordance with the procedures

established in Appendix 1, paragraphs 2 and 3 of the Procurement Policies and Consultants Policies.

**Fifteenth. Monitoring and Evaluation.** (a) The Beneficiary, through the IMA, shall present the following reports to the Bank: (i) semi-annual progress reports, on July 1<sup>st</sup>. and January 1<sup>st</sup>. of each operational year; and (ii) a final report, within six (6) months after completion of the last activity of the Project. These reports will follow standard Bank's format and will address project activities and finances, as well as results achieved.

(b) The Beneficiary, through the Executing Agency, will utilize resources of the Contribution to select and hire the necessary independent consulting services to carry out two evaluations of the Project:

- (i) A mid-term evaluation will be commissioned when fifty percent (50%) of the Contribution has been disbursed or when seven (7) months of the Project execution have expired, whichever occurs first. This mid-term evaluation will analyze the: (1) progress achieved in the implementation of all the project's components, including a determination of the degree of compliance with the timetable, results of procurement activities, and comparison between budgeted and actual costs; (2) the level of compliance with contractual clauses; and (3) the major problems encountered until this point in the execution of the Project and the actions taken to resolve them.
- (ii) A final evaluation will be carried out when ninety percent (90%) of the Contribution has been disbursed. This final evaluation will consider the execution of the Project from a technical, institutional and financial point of view.

**Sixteenth. Financial statements and other reports.** The Beneficiary agrees to present to the satisfaction of the Bank, through the Executing Agency, within ninety (90) days after the date stipulated for the last disbursement of the Contribution the Project's final financial statement. The statement will be audited by an independent accounting firm acceptable to the Bank, and the Auditor General of Trinidad and Tobago based on the terms of reference agreed by the Bank.

**Seventeenth. Access to Information.** The Beneficiary undertakes to notify the Bank, in writing, within a maximum period of ten (10) working days from the date of signature of this Agreement, whether it considers this Agreement to contain information that may qualify as an exception to the principle of disclosure of information under the Access to Information Policy of the Bank, in which case the Beneficiary undertakes to identify such information in the relevant provisions of the Agreement. In accordance with the aforementioned policy, the Bank will make available on its "Web" page the text of this Agreement once it has entered into effect and the aforementioned period has expired, excluding only that information which the Beneficiary has identified as an exception to the principle of disclosure of information under this policy.

**Eighteenth.** **Notice.** Any notice, request, or communication from one party to another by virtue of this Agreement shall be made in writing and shall be considered to have been made when the relevant documents are delivered to the Executing Agency, unless the parties otherwise agree in writing.

To the Beneficiary:

Ministry of Planning and Sustainable Development  
Level 14, Eric Williams Finance Building  
Independence Square, Port of Spain  
Trinidad

Facsimile: (868) 625-0363

To the Bank:

Inter-American Development Bank  
1300 New York Avenue, N.W.  
Washington, D.C. 20577  
U.S.A.

Facsimile: (202) 623-3096

Please confirm your acceptance of the terms and conditions of this Agreement, in representation of the Beneficiary, by signing and returning one of the originals to the Bank's Country Office in Trinidad and Tobago.

This Agreement shall be signed in two (2) originals of equal tenor by duly authorized representatives, and will enter into force on the date indicated above.

Yours faithfully,

/s/ Michelle Cross Fenty

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Michelle Cross Fenty  
Representative in Trinidad and Tobago

AGREED

Ministry of Planning and Sustainable  
Development

/s/ Bhoendradatt Tewarie

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Bhoendradatt Tewarie  
Minister

Date: December 31, 2012

Place: Port of Spain, Trinidad

**GENERAL CONDITIONS APPLICABLE TO NONREIMBURSABLE  
TECHNICAL COOPERATIONS**

**Article 1. Application and scope of General Conditions.** (a) These General Conditions set forth terms and conditions generally applicable to all nonreimbursable technical cooperations granted by the Bank, and their provisions form an integral part of this Agreement. Any exception to these General Conditions shall be expressly stated in the text of the Special Conditions.

(b) If any provision of the Special Conditions or of the Annex or Annexes should present any inconsistency or contradiction with these General Conditions, the provisions of the Special Conditions or the corresponding Annex shall prevail. In case of inconsistencies or contradictions between the Special Conditions and the corresponding Annex or Annexes, specific provisions shall prevail over general provisions.

**Article 2. Conditions prior to first disbursement.** (a) The first disbursement of the Contribution shall be subject to the fulfillment of the following requirements, by the Beneficiary, directly or through the Executing Agency:

- (i) Designation of the person or persons authorized to represent it in all acts relating to the execution of this Agreement, and submission to the Bank of authenticated specimen signatures of such persons. If two or more officials are designated, the designation shall indicate whether they may act severally or jointly; and
- (ii) Presentation to the Bank of a timetable for the use of the Counterpart Resources.

(b) If within one hundred eighty (180) days from the date of entry into effect of this Agreement, or within such longer period as the parties may agree in writing, the conditions precedent to the first disbursement established in this Article and in the Special Conditions have not been fulfilled, the Bank may terminate this Agreement by giving notice to the Beneficiary or to the Executing Agency, as the case may be.

**Article 3. Requisites for all disbursements.** In order for the Bank to make any disbursement, it shall be necessary that: (a) the Beneficiary or the Executing Agency, as the case may be, shall have submitted in writing, or by electronic means in such form and conditions as may be specified by the Bank, a disbursement request and, in support thereof, shall have supplied to the Bank such pertinent documents and other background materials as the Bank may have required; (b) the Beneficiary or the Executing Agency, as the case may be, shall have opened and maintains one or more bank accounts in a financial institution in which the Bank shall make the disbursements of the Contribution; (c) unless the Bank otherwise agrees, disbursement requests must be presented no later than thirty (30) calendar days prior to the expiration date of the period for disbursement or of any extension thereof which the Beneficiary or the Executing Agency, as the case may be, and the Bank may have agreed to in writing; and (d) none of the circumstances described in Article 7 of these General Conditions shall have occurred.

**Article 4. Disbursement procedures of the Contribution.** (a) The Bank shall make disbursements of the Contribution as follows: (i) by transferring to the Beneficiary or the Executing Agency, as the case may be, the sums to which it is entitled under this Agreement, by means of reimbursement of expenditures or advance of funds<sup>1</sup>; (ii) by making payments on behalf of and in agreement with the Beneficiary or the Executing Agency, as the case may be, to third parties or other banking institutions; and (iii) by utilizing such other modality as the parties may agree upon in writing. Any banking expenses that may be charged by any third party in connection with disbursements shall be borne by the Beneficiary or the Executing Agency, as the case may be.

(b) With resources of the Contribution and upon fulfillment of the requirements set forth in Articles 2 and 3 of these General Conditions and the pertinent requirements established in the Special Conditions, the Bank may disburse resources of the Contribution in order to:

- (i) Reimburse the Beneficiary or the Executing Agency, as the case may be, for expenditures related to the execution of the Project that have been financed with its own resources or with other sources of financing and that are eligible to be financed with resources of the Contribution, pursuant to the provisions of this Agreement. Except by express agreement between the parties, the disbursement requests for reimbursing expenditures financed by the Beneficiary or Executing Agency, as the case may be, shall be made promptly following the incurrence of such expenses, or no later than sixty (60) days following the conclusion of each calendar semester or within such other term as the parties may agree; and
- (ii) Advance resources to the Beneficiary or the Executing Agency, as the case may be, based on the liquidity needs of the Project, to cover expenditures related to the execution of the Project that are eligible to be financed with resources of the Contribution, pursuant to the provisions of this Agreement. The maximum amount of each advance of funds shall be set by the Bank and will consist of a defined amount based on the liquidity needs of the Project to cover periodic projected expenditures that are eligible to be financed by the Contribution. At no time may the maximum amount of an advance of funds exceed the amount required to finance such expenditures during a period of six (6) months, in accordance with the investment schedule and the cash flow required to meet such purpose and the capacity demonstrated by the Beneficiary or the Executing Agency, as the case may be, to efficiently manage the resources of the Contribution.

(c) The Bank may: (i) increase the maximum amount of an Advance of Funds when, in the opinion of the Bank, immediate cash flow needs that merit such increase arise, upon presentation to the Bank by the Beneficiary or the Executing Agency, as the case may be, of a request duly justified and accompanied by a statement of projected expenditures for the execution of the Project during the corresponding advance of funds period in effect; or (ii) make a new advance of funds based on the provisions of paragraph (b)(ii) above, provided that at least eighty percent (80%) of the total amount of resources disbursed as an advance of funds has been justified.

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<sup>1</sup> "Advance of Funds" means the amount of resources advanced by the Bank to the Beneficiary or the Executing Agency, as the case may be, chargeable to the resources of the Contribution, to cover eligible expenditures of the Project.

(d) The Bank may also reduce or cancel the total aggregate balance of any Advance or Advances of Funds should the Bank determine that the disbursed resources of the Contribution have not been used or justified to the Bank sufficiently and on a timely basis, to the Bank's satisfaction, in accordance with the provisions established in this Agreement.

**Article 5. Closing Period<sup>2</sup>.** The Beneficiary or the Executing Agency, as the case may be, shall: (a) present to the Bank's satisfaction, within a period of ninety (90) days from the date stipulated for the final disbursement of the Contribution, the supporting documentation relating to expenditures made for the execution of the Project, and any other information that the Bank may have requested; and (b) return to the Bank, at the latest on the date of expiration of the Closing Period, the balance of the disbursed resources of the Contribution that have not been utilized or not been duly justified. If audit services are to be financed with resources of the Contribution, and such services will not be concluded and paid for prior to the expiration of the Closing Period referred to in section (a) above, the Beneficiary or the Executing Agency, as the case may be, shall inform and reach agreement with the Bank as to the way in which payment for such services will take place, and shall return to the Bank the resources of the Contribution allotted for such purpose, should the Bank not receive the audited financial statements and other audited reports within the periods stipulated in this Agreement.

**Article 6. Expenditures chargeable to the Contribution.** The Contribution shall exclusively finance those categories of expenditures which are set forth as chargeable to the Contribution in the budget contained in the Annex that describes the Project. Only direct and actual expenditures made for the execution of the Project may be charged to the Contribution. Indirect or general operating expenses, which are not included in the Project budget, cannot be charged to the Contribution.

**Article 7. Suspension and cancellation of disbursements.** (a) The Bank may suspend disbursements or cancel the undisbursed portion of the Contribution if any of the following circumstances occurs: (i) the failure of the Beneficiary or the Executing Agency, as the case may be, to fulfill any obligation stipulated in this Agreement; and (ii) any circumstance which, in the Bank's opinion, may render unlikely the attainment of the objectives of the Project. Under these circumstances, the Bank shall notify in writing the Beneficiary or the Executing Agency, as the case may be, so that it may present its points of view, and after thirty (30) days from the date of the Bank's notice, it may suspend the disbursement or cancel the undisbursed portion of the Contribution.

(b) Pursuant to paragraph (a) above, the parties agree that upon the occurrence of institutional or organizational changes within the Beneficiary or the Executing Agency, which, in the Bank's opinion, might affect the timely attainment of the Project's objectives, the Bank shall review and evaluate the likely attainment of the objectives and may at its discretion, suspend, condition or cancel the disbursements of the Contribution.

(c) In addition to the provisions of paragraph (a) above, the Bank may: (i) suspend

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<sup>2</sup> "Closing Period" means a ninety (90)-day period from the date stipulated for the final disbursement of the Contribution, in order to finalize pending payments to third parties, to present the final justification of expenditures made, to reconcile the books and records, and to reimburse to the Bank the resources disbursed from the Contribution but not utilized and justified.



disbursement if, in accordance with the Bank's sanctions procedures, it is determined at any stage that an employee, agent or representative of the Beneficiary or the Executing Agency has committed a prohibited practice, as defined in Article 8 of these General Conditions (hereinafter "Prohibited Practices") during the procurement process or during the execution of a contract; and (ii) cancel the undisbursed portion of the Contribution pertaining unequivocally to the procurement of certain goods, works or related services, or consulting services, if (A) it determines at any time that the procurement was carried out without following the procedures set forth in this Agreement; or (B) in accordance with the Bank's sanctions procedures, it is determined that any firm, entity or individual bidding for or participating in a Bank-financed activity including, inter alia, applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, sub-consultants, providers of goods or services, concessionaires, the Beneficiary or the Executing Agency (including their respective officers, employees and representatives, irrespective of whether the agency is express or implied) has committed a Prohibited Practice during any stage of procurement or during the execution of a contract, when there is evidence that the representative of the Beneficiary or the Executing Agency has not taken the appropriate corrective action (including, among other things, adequate notice to the Bank upon learning of the Prohibited Practice) within a time period which the Bank considers reasonable..

**Article 8. Prohibited Practices.** (a) For the purposes of this Agreement, a Prohibited Practice shall be understood to include the following practices: (i) a "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party; (ii) a "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation; (iii) a "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; (iv) a "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party; and (v) an "obstructive practice" is: (A) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or making false statements to investigators in order to materially impede a Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (B) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided in Articles 13(c), 14(g) and 15(e) of these General Conditions.

(b) In addition to the provisions in Articles 7(c)(i) and 7(c)(ii)(B) of these General Conditions, if it is demonstrated that in accordance with the sanctions procedures of the Bank any firm, entity or individual bidding for or participating in a Bank-financed activity including, inter alia, applicants, bidders, suppliers, contractors, consulting firms and individual consultants, personnel, sub-contractors, sub-consultants, goods and service providers, concessionaires, the Beneficiary or the Executing Agencies (including their respective officers, employees, and agents, irrespective of whether the agency is express or implied) has engaged in a Prohibited Practice, during any stage of the procurement process or during the execution of a contract, the Bank may:

- (i) decline to finance any proposal to award a contract for the procurement of works, goods, related services and the contracting of consultant services;

- (ii) declare a procurement ineligible for Bank financing, when there is evidence that the representative of the Beneficiary or the Executing has not taken the adequate remedial measures (including, among other things, adequate notice to the Bank upon learning of the Prohibited Practice) within a time period which the Bank considers reasonable;
  - (iii) issue a reprimand in the form of a formal letter of censure of the firm's, entity's or individual's behavior;
  - (iv) declare that a firm, entity, or individual is ineligible, either permanently or for a stated period of time, to (A) be awarded or participate in Bank-financed activities, and (B) be designated sub-consultant, sub-contractor, or goods and services supplier of an otherwise eligible firm being awarded a contract to execute Bank-financed activities;
  - (v) refer the matter to appropriate law enforcement authorities; and/or
  - (vi) impose other sanctions that it deems to be appropriate under the circumstances, including the imposition of fines representing reimbursement of the Bank for costs associated with investigations and proceedings. Such other sanctions may be imposed in addition to or in lieu of the sanctions mentioned in Article 7(c)(i), in Article 7(c)(ii)(B) and in this Article 8(b), numerals (1) through (v).
- (c) The provisions of Article 7(c)(i) and Article 8(b)(i) shall be applicable in cases where the parties have been declared temporarily ineligible for the award of new contracts pending a final decision of a sanction proceeding, or otherwise.
- (d) The imposition of any measure to be taken by the Bank pursuant to the provisions referred to above may be public.
- (e) Any firm, entity or individual bidding for or participating in a Bank-financed activity including, inter alia, applicants, bidders, contractors, consulting firms and individual consultants, personnel, sub-contractors, sub-consultants, providers of goods or services, concessionaires, the Beneficiary or the Executing Agency (including their respective officers, employees, and agents, irrespective of whether the agency is express or implied) may be subject to sanctions pursuant to agreements that the Bank may have with other international financing institutions regarding the mutual enforcement of debarment decisions. For purposes of this sub-paragraph (e) the term "sanction" shall mean any debarment, conditions on future contracting or any publicly-disclosed action taken in response to a violation of an international financing institution applicable framework for addressing allegations of Prohibited Practices.
- (f) When a Beneficiary procures goods, works or services other than consulting services directly from a specialized agency or hires a specialized agency to provide technical assistance under an agreement between the Beneficiary and such specialized agency, all provisions contained in this Agreement regarding sanctions and Prohibited Practices shall apply in their entirety to applicants, bidders, contractors, consulting firms or individual consultants, personnel, sub-contractors, sub-

consultants, suppliers of goods and services (including their respective officers, employees, and agents, irrespective of whether the agency is express or implied), or any other entity that has signed contracts with such specialized agency to supply such goods, works or services other than consulting services in connection with Bank-financed activities. The Bank retains the right to require the Beneficiary to invoke remedies such as suspension or termination. The Beneficiary agrees that contracts with specialized agencies shall include provisions requiring said agencies to consult the Bank's list of firms and individuals declared ineligible temporarily or permanently by the Bank. In the event that a specialized agency signs a contract or purchase order with a firm or an individual declared ineligible either temporarily or permanently by the Bank, the Bank will not finance the related expenditures and will apply other remedies as appropriate.

**Article 9. Exchange rate for Projects financed with funds expressed in dollars of the United States of America.**

(a) Disbursements:

- (i) The equivalence in dollars of the United States of America of other convertible currencies in which the disbursements of the Contribution may be made, shall be calculated applying the exchange rate in effect in the market on the date of the disbursement; and
- (ii) The equivalence in dollars of the United States of America of the local currency, or other non-convertible currencies, in the case of regional Projects, in which the disbursements of the Contribution may be made, shall be calculated applying, on the date of the disbursement, the exchange rate established pursuant to the understanding in force between the Bank and the respective country for the purpose of maintaining the value of its currency, or other non-convertible currencies, in the case of regional Projects, held by the Bank.

(b) Expenditures:

The equivalence in the currency of the Contribution of an expenditure made in the currency of the country of the Beneficiary or the Executing Agency, as the case may be, shall be calculated using one of the following exchange rates in accordance with the provisions set forth in the Special Conditions of this Agreement: (i) the same exchange rate used in the conversion of the resources disbursed in the currency of the Contribution to the currency of the country of the Beneficiary or the Executing Agency. In this case, for purposes of reimbursement of expenditures chargeable to the Contribution and the recognition of expenditures chargeable to the local counterpart, the applicable exchange rate shall be the prevailing exchange rate on the date on which the reimbursement request is presented to the Bank; or (ii) the prevailing exchange rate in the country of the Beneficiary or the Executing Agency, as the case may be, on the actual date of the payment of the expenditure in the currency of the country of the Beneficiary or the Executing Agency.

**Article 10. Exchange rate for Project financed with funds constituted in convertible currencies other than Dollars of the United States of America.** (a) Disbursements. The Bank may convert the disbursed currency chargeable to the resources of the trust fund indicated in the Special Conditions in:

- (i) Other convertible currencies applying the exchange rate in effect in the market on the date of the disbursement; or
- (ii) The local currency or other non-convertible currencies, in the case of regional Projects, applying, on the date of the disbursement, the following procedure: (A) the equivalence of the currency of the trust fund indicated in the Special Conditions shall be calculated in dollars of the United States of America, applying the exchange rate in effect in the market; (B) next, the equivalence of these dollars of the United States of America shall be calculated in local currency or other non-convertible currencies, in the case of regional Projects, applying the exchange rate established pursuant to the understanding in force between the Bank and the respective country for the purpose of maintaining the value of its currency held by the Bank.

(b) Expenditures:

The equivalence in the currency of the Contribution of an expenditure incurred in the currency of the country of the Beneficiary or the Executing Agency, as the case may be, shall be calculated using one of the following exchange rates in accordance with the provisions set forth in the Special Conditions of this Agreement: (i) the same exchange rate used in the conversion of the resources disbursed in the currency of the Contribution to the currency of the country of the Beneficiary or the Executing Agency. In this case, for purposes of reimbursement of expenditures chargeable to the Contribution and recognition of expenditures chargeable to the local counterpart, the applicable exchange rate shall be the prevailing exchange rate on the date on which the reimbursement request is presented to the Bank; or (ii) the prevailing exchange rate in force in the country of the Beneficiary or Executing Agency, as the case may be, on the actual date of the payment of the expenditure in the currency of the country of the Beneficiary or the Executing Agency, as the case may be.

**Article 11. Procurement of goods and related services and contracting of consultants.** (a) With resources of the Contribution and up to the amount allocated for that purpose in the budget set forth in the Annex that describes the Project, the Beneficiary or the Executing Agency, as the case may be, may procure the goods and related services and contract the consulting services required for the execution of the Program.

(b) When the goods and related services procured and the consulting services contracted for the Project are financed entirely with Counterpart Resources, the Beneficiary or the Executing Agency, as the case may be, shall, whenever possible, follow procedures that allow for the participation of several bidders or proponents, and shall take into account principles of economy, efficiency and reasonability of price.

(c) When sources of financing other than resources of the Contribution or of the Counterpart Resources are used, the Beneficiary or the Executing Agency, as the case may be, may agree with the financing entity the procedure to be followed for the procurement of goods and related services and the contracting of consultants. Notwithstanding, at the Bank's request, the Beneficiary or the Executing Agency, as the case may be, shall demonstrate the reasonability of both the price agreed upon or paid for the procurement of such goods and related services or the contracting of consultants, and of the financial conditions of the credits. The Beneficiary or the Executing Agency, as the case may be, shall likewise demonstrate that the quality of the goods and related services and of the consultants meets the technical requirements of the Program.

(d) During the execution of the Program, the goods referred to in subsection (a) above shall be used exclusively for the execution of the Program.

(e) The goods included in the Program shall be adequately maintained according to generally accepted technical standards, at a level compatible with the services that they should provide.

**Article 12. Other contractual obligations of consultants.** (a) In addition to the special requirements included in Article 13(c), Article 14(g) and Article 15(e) of these General Conditions, of the Special Conditions, in the Annex or Annexes and in the respective terms of reference, the Beneficiary or the Executing Agency, as the case may be, agrees that contracts signed with consultants shall also specify the consultants' obligations to:

- (i) provide any clarifications or additional information that the Beneficiary, Executing Agency or the Bank consider necessary with respect to the consultants' reports required under the terms of reference set forth in their respective contracts;
- (ii) provide the Beneficiary or the Executing Agency and the Bank with any additional information they may reasonably request concerning the performance of their work;
- (iii) in the case of international consultants, perform their work in an integrated manner with the local professional staff assigned or contracted by the Beneficiary or the Executing Agency to participate in the execution of the Project, with a view to carrying out technical and operational training of such staff by the conclusion of the work;
- (iv) assign copyrights, patents and any other form of industrial property right to the Bank in cases where such rights result from the work and documents carried out or produced by the consultants under the consulting contracts financed with resources of the Project; and

(b) notwithstanding paragraph (a)(iv) above, in order to obtain a timely dissemination of the results of the Program, the Bank authorizes the Beneficiary, or the Executing Agency, to make

use of the products resulting from the consulting services financed with the resources of the Program, with the understanding that the Beneficiary or the Executing Agency shall utilize such consulting products under the terms set forth in Article 17 of these General Conditions.

**Article 13. Financial information and internal control systems.** (a) The Beneficiary or the Executing Agency, as the case may be, shall maintain: (i) a financial information system acceptable to the Bank that enables accounting, budgetary and financial record-keeping, as well as the issuance of financial statements and other reports related to the resources of the Contribution and other financial sources, as the case may be; and (ii) an internal control structure that enables effective Project management; provides reliability regarding the financial information and the physical, magnetic and electronic records and files; and enables the fulfillment of the provisions of this Agreement.

(b) The Beneficiary or the Executing Agency, as the case may be, shall preserve the original records of the Project for a minimum period of three (3) years after the date agreed upon for the final disbursement of the Contribution, in such a way as to: (i) make possible the identification of the sums received from the different sources; (ii) show, in accordance with the financial information system approved by the Bank, the expenditures made for the Project, both with the resources of the Contribution and with the other funds to be provided for its complete execution; (iii) include sufficient detail to identify the services contracted and the goods procured, as the case may be, as well as the utilization of such services and goods; (iv) provide evidence as to conformity in the acceptance, authorization and payments for the contracted services or purchased goods, as the case may be; (v) maintain documentation relating to the bidding process and the execution of the contracts financed by the Bank and other financial sources, including, but not limited to, bid requests, bid packages and summaries, bid evaluations, contracts, correspondence, work product and drafts, invoices, certificates and acceptance reports, and receipts, including documents relating to the payment of commissions, and payments to agents, consultants and contractors; and (vi) show the cost of the Project in relation to each category in the Project's budget.

(c) The Beneficiary agrees that bidding documents, requests for proposals and contracts financed with resources of the Contribution that the Beneficiary or the Executing Agency celebrate, shall include a provision that requires providers of goods or services, contractors, subcontractors, consultants and representatives, personnel, sub-consultants, subcontractors, or concessionaires retain all documents and records relating to Bank-financed activities for a period of seven (7) years after completion of the work referred to in the respective contract.

**Article 14. External audit.** (a) The Beneficiary or the Executing Agency, as the case may be, shall present to the Bank, during the period of Project execution and within the deadlines and with the frequency provided in the Special Conditions of this Agreement, the Project's financial statements and other reports, and any additional financial information relating thereto that the Bank may request, in accordance with accounting principles and standards acceptable to the Bank.

(b) The Beneficiary agrees to have the financial statements and other reports, as indicated in the Special Conditions of this Agreement, audited by independent auditors acceptable to the Bank, in accordance with auditing principles and standards acceptable to the Bank, and to present to the

Bank's satisfaction such information as may be requested by the Bank related to the independent auditors whose services have been engaged.

(c) The Beneficiary shall select and hire directly or through the Executing Agency, the independent auditing services that are necessary for the timely submission of the financial statements and other reports indicated in paragraph (b) above, no later than four (4) months before the closing of each fiscal year of the country of the Beneficiary, beginning on the date on which this Agreement enters into effect, or such other time as may be agreed upon between the parties, in accordance with procedures and terms of reference previously agreed upon with the Bank. The Beneficiary or the Executing Agency, as the case may be, shall authorize the auditors to provide the Bank with any additional information it may reasonably request with respect to the audited financial statements and other audited reports.

(d) In cases in which the audit is to be performed by an official auditing agency and such agency is unable to perform the audit in accordance with requirements satisfactory to the Bank or within the deadlines, for the period of duration or with the frequency mentioned in this Agreement, the Beneficiary or the Executing Agency, as the case may be, shall select and contract the services of independent auditors acceptable to the Bank, as provided under section (c) above.

(e) Notwithstanding the provisions above, the Bank may, on an exceptional basis and subject to prior agreement between the parties, select and hire the services of independent auditors to prepare the financial statements and other audited reports required pursuant to this Agreement when: (i) the benefits of the selection and hiring of such services by the Bank outweigh the costs of doing so; (ii) there is limited access to the services of qualified private firms and independent public accountants within the country; or (iii) special circumstances warrant the selection and hiring of such services by the Bank.

(f) The Bank shall have the right to request the Beneficiary or the Executing Agency, as the case may be, to have other types of independent audits and/or services carried out relating to the auditing of projects, of the Executing Agency and related entities, of the financial information system, and of the bank accounts of the Project, among others. The nature, frequency, scope, timing, methodology, type of applicable auditing norms, reports, selection procedures and terms of reference shall be agreed upon between the parties.

(g) Bidding documents and contracts that the Beneficiary or the Executing Agency enter into with a supplier of goods or services, contractor, sub-contractor, consultant, sub-consultant, personnel or concessionaire shall include a provision allowing the Bank to inspect any accounts, records and other documents relating to the submission of proposals and contract performance and to have them audited by auditors appointed by the Bank.

**Article 15. Inspections.** (a) The Bank may establish such inspection procedures as it deems necessary to ensure the satisfactory development of the Project.

(b) The Beneficiary or the Executing Agency, as the case may be, shall permit the Bank to inspect at any time the Project and the equipment and materials involved therein, and to examine such records and documents as the Bank may deem pertinent. The personnel which the Bank sends

or designates as investigators, agents, auditors or experts for this purpose shall receive the complete cooperation of the respective authorities. All the costs relating to transportation, salaries, and other expenses of such personnel shall be borne by the Bank.

(c) The Beneficiary or the Executing Agency, as the case may be, shall, upon request of an authorized representative of the Bank, provide to the Bank any documents, including procurement-related documents that the Bank may reasonably request. In addition, the Beneficiary and the Executing Agency shall make their personnel available, when requested and upon reasonable notice, to respond to questions from Bank personnel, which arise during the review or audit of such documents. The Beneficiary or the Executing Agency, as the case may be, shall produce the documents in a timely manner or shall submit an affidavit to the Bank setting forth the reasons why the requested material is unavailable or is being withheld.

(d) If the Beneficiary or the Executing Agency, as the case may be, refuses to comply with the Bank's request, or otherwise obstructs the Bank's review of the matter, the Bank in its sole discretion may take such measures as it considers appropriate against the Beneficiary or Executing Agency, as the case may be.

(e) The Beneficiary agrees that bidding documents, requests for proposals and contracts financed with resources of the Contribution that the Beneficiary or the Executing Agency enter into shall include a provision that requires applicants, bidders, providers of goods or services and their representative, contractors, sub-contractors, consultants and their representatives, sub-consultants, service providers and concessionaires to: (i) permit the Bank to inspect any and all accounts, records, and other documents relating to the submission of bids and contract performance as well as to have them audited by auditors appointed by the Bank; (ii) assist the Bank with its investigation; and (iii) deliver any document necessary for the investigation of allegations of Prohibited Practices and make available their employees or agents with knowledge of the Bank-financed activities to respond to questions from Bank personnel or any properly designated investigator, agent, auditor or consultant relating to the investigation. If the applicant, bidder, supplier and its agent, contractor, consultant, personnel, subcontractor, sub-consultant, service provider or concessionaire fails to cooperate and/or comply with the Bank's request, or otherwise obstructs the investigation, the Bank, in its sole discretion, may take appropriate action against the applicant, bidder, supplier and its agent, contractor, consultant, personnel, sub-contractor, subconsultant, service provider or concessionaire.

**Article 16. Other Commitments.** The Beneficiary, either directly or through the Executing Agency shall also:

- (a) provide the consultants and local experts with secretarial services, offices, office supplies, communication services, transport and any other logistical support required for the execution of their work;
- (b) present to the Bank a copy of the consultants' reports and their comments thereon;
- (c) provide the Bank with any other additional information or legal reports as it may reasonably request concerning the execution of the Project and the use of the Contribution and the Counterpart Resources; and



- (d) keep the Bank's Representative in the respective country or countries informed of all aspects of the Project.

**Article 17. Publication of Documents.** Any document issued under the Bank's name or logotype, which is intended for publication, as part of a special project, joint program, research initiatives or any other activity financed with the resources of the Project, shall be previously approved by the Bank.

**Article 18. Supervision in the Field.** Without prejudice to the supervision of the Project activities performed by the Beneficiary or the Executing Agency, as the case may be, the Bank may supervise the Project in the field.

**Article 19. Limitation of the Bank's Obligation.** It is understood that the granting of the Contribution by the Bank does not constitute any obligation whatsoever on its behalf to totally or partially finance any project or program that may directly or indirectly result from the execution of the Project.

**Article 20. Arbitration.** For the solution of any controversy which may arise hereunder and which is not resolved by agreement of the parties, said parties shall unconditionally and irrevocably submit to the following arbitration procedure and award:

- (a) **Composition of the Tribunal.** The Arbitration Tribunal shall be composed of three (3) members, to be appointed in the following manner: one by the Bank, another by the Beneficiary, and a third, hereinafter called the "Referee", by direct agreement between the parties or through their respective arbitrators. If the parties or the arbitrators fail to agree on who shall be the Referee, or if one of the parties fails to appoint the arbitrator, the Referee shall be appointed, at the request of either party, by the Secretary General of the Organization of American States. If either of the parties fails to appoint an arbitrator, he or she shall be appointed by the Referee. If either of the appointed arbitrators or the Referee is unwilling or unable to act or to continue to act, his or her successor shall be appointed in the same manner as for the original appointment. The successor shall perform the same functions and shall have the same powers as his or her predecessor.
- (b) **Initiation of the Procedure.** In order to submit the controversy to arbitration, the claimant shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation sought, and the name of the arbitrator it has appointed. The party receiving such communication shall, within forty-five (45) days, notify the adverse party of the name of the person it has appointed as arbitrator. If, within thirty (30) days after delivery of such notification to the claimant, the parties have not agreed upon the person who is to act as Referee, either party may request the Secretary General of the Organization of American States to make the appointment.

In cases of agreements with Argentina, the parties agree that in paragraphs (a) and (b), above, where it reads: “Secretary General of the Organization of American States”, it shall read instead: “President of the International Court of Justice.”

- (c) **Convening of the Tribunal.** The Arbitration Tribunal shall be convened in Washington, District of Columbia, on the date designated by the Referee and, once convened, the Tribunal itself shall decide when it shall meet.

In cases of agreements with Argentina, the parties agree that this paragraph (c) shall read instead: “The Arbitration Tribunal shall be convened at the place and date it designates and, once convened, it shall meet on the date decided by the Tribunal.”

- (d) **Procedure.**

- (i) The Tribunal shall be competent only to hear the matter in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the parties the opportunity to make oral presentations.
- (ii) The Tribunal shall proceed ex aequo et bono, basing itself on the terms of this Agreement, and shall issue an award even if either party should fail to appear or to present its case.
- (iii) The award shall be in writing and shall be adopted with the concurrent vote of at least two of the members of the Tribunal. It shall be handed down within sixty (60) days from the date on which the Referee has been appointed, unless the Tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The parties shall be notified of the award by means of a communication signed by at least two members of the Tribunal. The parties agree that any award of the Tribunal shall be complied with within thirty (30) days from the date of notification and it shall be final and not be subject to any appeal.

- (e) **Costs.** The fees of each arbitrator shall be paid by the party which appointed him or her and the fees of the Referee shall be paid by both parties in equal proportion. Prior to the convening of the Tribunal, the parties shall agree on the remuneration of any other person who by mutual agreement, they deem should participate in the arbitration proceedings. If such agreement is not reached in a timely manner, the Tribunal itself may determine the compensation that is reasonable for such person under the circumstances. Each party shall defray its own expenses in the arbitration proceedings but the expenses of the Tribunal shall be divided and borne equally by both parties. Any doubt regarding the division of expenses or the manner in which they are to be paid shall be determined, without appeal, by the Tribunal.

- (f) **Notification.** All notifications regarding the arbitration proceeding or the award shall be made in the manner provided in this Article. The parties expressly waive any other form of notification.

In cases of Agreements with Ecuador, the parties agree that, for the purposes of notification, this paragraph (f) shall read: "All notifications regarding the arbitration proceeding or to the award shall be made in the manner provided in the Agreement. The parties expressly waive any other form of notification. Notwithstanding the foregoing, any party delivering a notification hereunder must also notify the Attorney General (Procurador General del Estado) of Ecuador."

**THE ANNEX****THE PROJECT****Piloting the Integration of Coastal Zone Management and Climate Change Adaptation in Tobago****I. Objective**

- 1.01** The general objective of the Project is to develop an integrated coastal zone management program that incorporates climate change adaptation and disaster risk management using an ecosystem based approach.
- 1.02** In the specific context of the Policy Base Loan No. TT-L1030, this Project will provide inputs for the compliance of two policy commitments under the “Support for Adaptation” component related to the development of the Integrated Coastal Zone Management (ICZM) Policy that incorporates climate change considerations as well as the development of an Integrated Coastal Zone Management (ICZM) Plan for Tobago that addresses the particular vulnerabilities of Tobago to the impacts of climate change.

**II. Description**

- 2.01** In order to achieve the objectives referred to in section I above, the Project will finance the following activities:

Gap analysis

- 2.02** This activity will finance a review of the legislative, policy, institutional and capacity arrangements related to coastal zone management and climate change at the national level but also cover areas that specifically may be related or relevant to Tobago. This will also involve an assessment of current data gaps with respect to coastal and marine ecosystems, their health, economic uses, and risks. The analysis will also assess current accessibility to data in relation to Tobago.

Vulnerability and Risk Assessment

- 2.03** This activity will finance the development of climate-related hazard vulnerability and risk assessments of the coastal zone area of Southwest Tobago based on climate variability (existing climatic events) and climate change scenarios.

Coastal ecosystem-based climate change adaptation response plan

- 2.04** This activity will finance the design and implementation of an adaptation response plan for coastal ecosystems in Southwest Tobago. The response plan will be comprised of: (i) the enhancement of a long-term water quality monitoring program which entails monitoring of the stressors from land based sources of pollution (nitrate, nitrite,

ammonia, dissolved inorganic nitrogen, soluble reactive phosphates, chlorophyll A, total dissolved solid, total suspended solids, total organic carbon and faecal coliform) as well as climate change related stressors (water temperature and acidity, and sea level rise) to determine the health of coastal ecosystems in Southwest Tobago. The monitoring data is to be integrated into the Geographic Information System (GIS) hosted at the Institute of Marine Affairs (IMA); (ii) a coral reef early warning system (CREWS) and tide gauges are to be installed as part of the response plan. The CREWS contains a set of meteorological and air-based sensors which measure air temperature, wind speed and direction, barometric pressure, photosynthetically available radiation (PAR) and ultraviolet radiation (UVR). In addition, there is a suite of oceanographic sensors which measure salinity, sea temperature, PAR and UVR. The CREWS has been designed to monitor environmental conditions to help determine the possibility of events such as coral reef bleaching, which can be the result of elevated sea surface temperatures related to climate change. The CREWS will complement the ongoing monitoring of seagrass and mangrove ecosystems already being done by the IMA in southwest Tobago; (iii) an awareness and dissemination program which will involve the design and implementation of a public awareness program on coastal zone management and climate change adaptation for local communities in Southwest Tobago. As a basis for the design of the awareness and dissemination program, a characterization of key stakeholders and their incentives for coastal adaptation will be carried out. A multi-media public communication program and a capacity building program for technical staff at IMA will be designed (part of the design will involve a training needs assessment) and executed through different media and workshops on best practices and lessons learnt from the pilot study to stakeholders involved in coastal zone management (public and private sector, NGOs, CBOs, etc); and (iv) a financial plan for the adaptation program is to be developed.

General guidelines for incorporating an ecosystem based approach to adaptation into a national ICZM Policy

- 2.05** This activity will produce guidelines that incorporate climate change adaptation into an Integrated Coastal Zone Management Policy, including identification of best management practices for adapting coastal economic activities to risk.

### III. Total Cost of the Project

**3.01** The total cost of the Project is estimated at seven hundred fifty two thousand five hundred dollars (US\$752,500), in accordance with the following categories and sources of financing:

**Table of Costs**  
(in US\$)

Activity/ Component	Description	Bank	Local Counterpart	Total
<b>1</b>	Gap analysis	40,000	-	40,000
<b>2</b>	Identification of vulnerabilities and risks assessment	150,000	5,500	155,500
<b>3</b>	Coastal ecosystem-based climate change adaptation response plan			
	i. Enhancement of long term water monitoring program	75,000	127,000	202,000
	ii. Installation of CREWS	150,000	-	150,000
	iii. Awareness and dissemination program	40,000	20,000	60,000
	iv. Design and implementation of a coastal ecosystem-based climate change adaptation response plan	30,000	-	30,000
<b>4</b>	General guidelines for incorporating a EBA to adaptation into a national ICZM Policy	20,000	-	20,000
	Project management			
	i. Project Coordinator	45,000		45,000
	ii. Coordination (TAC and committee meetings; etc)	20,000		20,000
	Monitoring and Evaluation	20,000	-	20,000
	Auditing	10,000	-	10,000
	<b>TOTAL</b>	<b>600,000</b>	<b>152,500</b>	<b>752,500</b>

### IV. Execution

**4.01** The Project will be executed by the Institute of Marine Affairs (IMA). The IMA will be responsible for hiring the consultants and monitoring of the Project. Also, a Project Coordinator will be hired to assist with the coordination of the Project and who will be based at the offices of the IMA. As part of the mechanism for executing the Project, it is expected that a Technical Advisory Committee (TAC) will be established to provide

technical guidance to the project particularly in relation to how to integrate climate change adaptation and disaster risk reduction into coastal zone management and guide the overall technical aspects of the Project. The TAC will be comprised of at least the IMA, Life Sciences Department of the University of the West Indies, and other key actors to be determined at a later date. The IMA will be the secretariat for the TAC. In addition to the TAC, a high level consultative committee will be established and will include representatives from the Tobago House of Assembly including administrators from at least the planning, tourism, agriculture and environment units, the IMA, Office of Disaster Preparedness and Emergency Management and Tobago Emergency Management Agency, Ministry of Housing and the Environment, Buccoo Reef Trust, the Environmental Management Authority and representatives from the private sector, academia and civil society. The role of the consultative committee will be to assist in the implementation, administration and management oversight of the Project. The IMA will chair the consultative committee.