

Public Disclosure Authorized

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CREDIT NUMBER 4920-NE

# Financing Agreement

(Safety Net Project)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 14, 2011

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Public Disclosure Authorized

**FINANCING AGREEMENT**

AGREEMENT dated July 14, 2011, entered into between REPUBLIC OF NIGER (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty-four million five hundred thousand Special Drawing Rights (SDR 44,500,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are January 15 and July 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is the Euro.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the Safety Net Unit in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely that any of the Payment Service Providers has breached any of its obligations under the Payment Agreement to which it is a party, in a manner which, in the opinion of the Association, has or may have an adverse impact on the compliance by the Recipient with its obligations under this Agreement, the implementation of the Project or the achievement of its objective.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Recipient has: (i) established or designated an account in CFA Francs (the “Project Account”), in a bank acceptable to the Association, on terms and conditions satisfactory to the Association; and (ii) disbursed in the Project Account an aggregate amount equivalent to not less than SDR 650,000 to be used exclusively for the purpose of financing of activities for the preparation of the Project, including those listed in Section 5.01(b), (c) and (d) immediately below.
  - (b) The Recipient has provided CFS with the resources and capacities described in Schedule 3 to the Appraisal mission’s Aide memoir signed between the Recipient and the Association on March 18, 2011 so that it can be fully operational, in a manner acceptable to the Association.
  - (c) The Recipient has prepared and adopted the Project Implementation Manual and the Manual of Administrative, Financial and Accounting Procedures, each in form and substance satisfactory to the Association.

(d) The Recipient has recruited a coordinator, an administrative and financial officer and a procurement officer, each selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of this Schedule, and each to be posted in the CFS.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is the Recipient's Minister responsible for planning.

6.02. The Recipient's Address is:

Ministère du Plan, de l'Aménagement du Territoire et du Développement  
Communautaire  
B.P. 862  
Niamey  
Republic of Niger

6.03. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

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

AGREED at Niamey, Niger, as of the day and year first above written.

REPUBLIC OF NIGER

By //s// Amadou Boubacar Cissé  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By //s// Nestor Coffi  
Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to establish and support an effective safety net system which will increase access of poor and food insecure people to cash transfer and cash for work programs.

The Project consists of the following parts:

#### *Part 1. Safety Net System*

Establishment of a well-performing safety net system, including management, targeting, payment, monitoring and evaluation systems and capacity building, by: (i) designing and implementing a management information system to monitor Project implementation and progress of the safety net programs; (ii) designing a cost effective targeting system; (iii) designing a cost effective payment system; (iv) designing a monitoring and evaluation system; (v) designing and implementing a grievance management system; (vi) designing accompanying measures to the payment of cash transfers under Part 2 of the Project; and (vii) elaborating technical manuals for the implementation of the safety net system.

#### *Part 2. Cash Transfers for Food Security*

- 2.1 Carrying out a starting phase for the provision of Cash Transfers to approximately 10,000 Eligible Beneficiaries.
- 2.2 Based on an assessment of Part 2.1 of the Project, provision of Cash Transfers to other Eligible Beneficiaries.
- 2.3 Implementation of accompanying measures to the payment of Cash Transfers under sub-Parts 2.1 and 2.2 of the Project, consisting of sensitization campaigns and training modules on eight essential family practices in the health, sanitation and nutrition areas such as breastfeeding, hand washing, oral re-hydration to treat diarrhea, supplementary feeding after six months, use of mosquito nets, use of preventive services and family planning.

#### *Part 3. Cash for Work*

Carrying out of small community public works, such as soil conservation and environment protection, small infrastructure rehabilitation and sanitation activities, as well as other activities acceptable to the Association, as part of a Cash for Work program, including the provision of tools and the payment of wages to workers.

#### *Part 4. Project Management*

Provision of technical assistance and financial resources to CFS for the management of the Project.

## SCHEDULE 2

### Project Execution

#### **Section I. Implementation Arrangements**

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

The Recipient shall maintain the following institutional arrangements, further described in the Project Implementation Manual, throughout the implementation of the Project:

1. The Steering Committee shall have the overall oversight of the Project and shall ensure coordination between the various Project stakeholders.
2. The Project Management Unit, with the support of the Regional offices of the CFS, shall be responsible for implementation of the Project, including financial management, procurement, disbursement, reporting, monitoring and evaluation.
3.
  - (a) The Recipient shall ensure that personnel in adequate numbers, each with terms of reference, qualifications and experience satisfactory to the Association, are assigned to the Project.
  - (b) Without limitation to the provisions of paragraph (a) immediately above, the Recipient shall recruit, no later than three (3) months after the Effective Date, a Cash Transfer manager, a Cash for Work manager, an accompanying measures manager, an internal auditor and a monitoring and evaluation officer.
  - (c) Without limitation to the provisions of paragraph (a) immediately above, the CFS shall include a coordinator, an administrative and financial officer and a procurement officer and, as of the date indicated in paragraph (b) above, a Cash Transfer manager, a Cash for Work manager, an accompanying measures manager, an internal auditor and a monitoring and evaluation officer, each with terms of reference, qualifications and experience satisfactory to the Association and selected in accordance with the provisions of Section III of this Schedule.

##### **B. Contractual Arrangements**

###### *1. Cash Transfers*

- (a) For the implementation of sub-parts 2.1 and 2.2 of the Project, the Recipient shall provide Cash Transfers to Eligible Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association, and described in the Project Implementation Manual and the Manual of Administrative, Financial and Accounting Procedures.

- (b) The amount of each Cash Transfer shall be such amount as the Association is satisfied meets approximately 15% of the reasonable cost of ensuring the Eligible Beneficiary's food security, and contributes to support the Eligible Beneficiaries in their fight against food insecurity.
- (c) The Recipient shall contract the services of a targeting firm selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement for the purpose of, *inter alia*, targeting and registering households eligible to the payment of Cash Transfers (each an "Eligible Beneficiary") on the basis of targeting and eligibility criteria detailed in the Project Implementation Manual.
- (d) The Recipient shall ensure that the amount of each Cash Transfer is paid to its intended Eligible Beneficiary, and that the Eligible Beneficiaries participate in the accompanying measures carried out under Part 2.3 of the Project.
- (e)
  - (i) For the payment of Cash Transfers to Eligible Beneficiaries, the Recipient shall conclude and thereafter implement, one or more service agreements (each a "Payment Agreement"), in form and substance satisfactory to the Association, with a mobile telephone company, a microfinance institution, or another entity having the capacity to provide the services and comply with the obligations described into the Payment Agreement, duly authorized to operate and operating in the Recipient's territory (each a "Payment Service Provider") selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement. The Recipient shall ensure that each Payment Agreement, which is not signed on the basis of the model attached to the Project Implementation Manual, is submitted to the Association for its prior review and approval.
  - (ii) Without limitation to the provisions of sub-paragraph (i) immediately above, each Payment Agreement for the payment of Cash Transfers shall include provisions to the effect that:
    - (A) Unless the Association shall otherwise agree in writing, (AA) the Recipient shall: (AAA) ensure that the Payment Service Provider shall open and thereafter maintain for a term equal to the term of the Payment Agreement plus two years a separate account (each a "Cash Account") for the exclusive purpose of depositing funds for payments to be paid by the Payment Service Provider to Eligible Beneficiaries on behalf of the Recipient; and (BBB) deposit funds in said Cash Account in accordance with the provisions of the Payment Agreement. The Cash Account shall be opened in a commercial bank acceptable to the Association, with terms and conditions satisfactory to the

Association including, *inter alia*, a waiver of any rights said commercial bank may have to set off any amount deposited in the Cash Account with any other debt; and (BB) the Payment Service Provider shall: (AAA) disburse funds from the Cash Account for payments in accordance with the provisions of the Payment Agreement; and (BBB) ensure that all amounts deposited in the Cash Account are used exclusively to make payments to Eligible Beneficiaries in accordance with the detailed provisions, procedures, sequencing and timing in relation thereto as set forth in the Project Implementation Manual and the Manual of Administrative, Financial and Accounting Procedures, and in compliance with the Anti-corruption Guidelines; and (CCC) promptly refund to the Recipient for further refund to the Association any proceeds from the Cash Account not used for purposes of payment to Eligible Beneficiaries in accordance with the provisions of the Payment Agreement, or otherwise utilized in a manner inconsistent with the provisions of this Agreement; and

- (B) The Payment Service Provider shall (AAA) keep records and accounts of the expenditures incurred in the payments to Eligible Beneficiaries; (BB) promptly inform the Recipient of any condition which interferes or threatens to interfere with the payments to Eligible Beneficiaries and the achievement of the objective of the Project; (CC) enable the Recipient and the Association to inspect its operations, including the payments, the Cash Account, and any relevant records and documents; and (DD) if the Association or the Recipient so requests, open access to its records and accounts of expenditures to any auditor that the Recipient shall have recruited, on the basis terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement, for the carrying out of the audit of said records and accounts of expenditures.
- (iii) The Recipient shall exercise its rights under each Payment Agreement for Cash Transfers in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Payment Agreement for the payment of Cash Transfers or any of its provisions.
- (f) The Recipient shall refrain from requesting a withdrawal of any part of the funds allocated from time to time to Category (2) and Category (3) without having first: (i) recruited a targeting firm and completed the targeting of the Eligible Beneficiaries entitled to a Cash Transfer to be financed from said funds, in accordance with Section I.B.1(c) of this Schedule; (ii) recruited a

Payment Service Provider in accordance with Section I.B.1(e) of this Schedule; (iii) opened a Cash Account in accordance with Section I.B.1(e)(ii) of this Schedule; and (iv) established a grievance mechanism in accordance with Section I.B.4 of this Schedule.

2. *Accompanying Measures*

- (a) For the implementation of the accompanying measures under sub-Part 2.3 of the Project, the Recipient shall enter into agreements, on the basis of the model agreement attached to the Project Implementation Manual, with non-governmental organizations selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement.
- (b) The Recipient shall exercise its rights under each of the agreements referred to in paragraph (a) immediately above in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of said agreements or any provisions thereof.
- (c) The Recipient shall refrain from requesting a withdrawal of any part of the funds allocated from time to time to the financing of Part 2.3 of the Project without having first entered into a Payment Agreement in accordance with Section I.B.1 of Schedule 2 to this Agreement.

3. *Cash for Work Program*

- (a) For the implementation of the cash for work program under Part 3 of the Project, the Recipient shall enter into agreements (each a “Cash for Work Agreement”), on the basis of the model agreement attached to the Project Implementation Manual, with non-governmental organizations selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement (each a “Cash for Work Provider”).
- (b) The Recipient shall obtain rights adequate to protect the interests of the Recipient and the Association, including the right to require the Cash for Work Provider to:
  - (i) carry out its activities under the Part 3 of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient, the Project Implementation Manual,

the Manual of Administrative, Financial and Accounting Procedures and the Safeguard Documents;

- (ii) maintain policies and procedures, adequate to enable the Cash for Work Provider to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities carried out under Part 3 of the Project and the achievement of its objectives;
  - (iii) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the activities carried out under Part 3 of the Project; and (B) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and furnish promptly to the Recipient and the Association the financial statements as so audited;
  - (iv) for the purpose of implementing Part 3 of the Project, *inter alia*, prepare and submit technical proposals for the implementation of Cash for Work activities, carry out information and communication campaigns on the Cash for Work activities, select and enroll workers meeting the criteria defined in the Project Implementation Manual to participate in the Cash for Work activities (each an "Eligible Cash for Work Beneficiary"), organize and supervise the implementation of the Cash for Work activities, and assist the Payment Service Provider in the payment of the Eligible Cash for Work Beneficiaries, as further described in the Manual of Administrative, Financial and Accounting Procedures; and
  - (v) enable the Recipient and the Association to inspect the activities carried out under Part 3 of the Project, their operation and any relevant records and documents; and prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
- (c) The Recipient shall exercise its rights under the Cash for Work Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Cash for Work Agreement or any of its provisions.
- (d) (i) For the payment of Eligible Cash for Work Beneficiary, the Recipient shall conclude and thereafter implement, one or more Payment Agreement, all in accordance with the provisions of Section I.B.1(e)(i) of this Schedule.

- (ii) Without limitation to the provisions of sub-paragraph (i) immediately above, each Payment Agreement for the payment of Cash for Work shall include provisions to the effect that:
  - (A) Unless the Association shall otherwise agree in writing, (AA) the Recipient shall: (AAA) ensure that the Payment Service Provider shall open and thereafter maintain for a term equal to the term of the Payment Agreement plus two years a separate account (each a “Cash for Work Account”) for the exclusive purpose of depositing funds for payments to be paid by the Payment Service Provider to Eligible Cash for Work Beneficiaries on behalf of the Recipient; and (BBB) deposit funds in said Cash for Work Account in accordance with the provisions of the Payment Agreement. The Cash for Work Account shall be opened in a commercial bank acceptable to the Association, with terms and conditions satisfactory to the Association including, *inter alia*, a waiver of any rights said commercial bank may have to set off any amount deposited in the Cash for Work Account with any other debt; and (BB) the Payment Service Provider shall: (AAA) disburse funds from the Cash for Work Account for payments in accordance with the provisions of the Payment Agreement; and (BBB) ensure that all amounts deposited in the Cash for Work Account are used exclusively to make payments to Eligible Cash for Work Beneficiaries in accordance with the detailed provisions, procedures, sequencing and timing in relation thereto as set forth in the Project Implementation Manual and the Manual of Administrative, Financial and Accounting Procedures, and in compliance with the Anti-corruption Guidelines; and (CCC) promptly refund to the Recipient for further refund to the Association any proceeds from the Cash for Work Account not used for purposes of payment to Eligible Cash for Work Beneficiaries in accordance with the provisions of the Payment Agreement, or otherwise utilized in a manner inconsistent with the provisions of this Agreement; and
  - (B) The Payment Service Provider shall (AAA) keep records and accounts of the expenditures incurred in the payments to Eligible Cash for Work Beneficiaries; (BB) promptly inform the Recipient of any condition which interferes or threatens to interfere with the payments to Eligible Cash for Work Beneficiaries and the achievement of the objective of the Project; (CC) enable the Recipient and the Association to inspect its operations, including the payments, the Cash for Work Account, and any relevant records and documents; and (DD) if the Association or the Recipient so requests, open access to its records and accounts of expenditures to any auditor that the

Recipient shall have recruited, on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement, for the carrying out of the audit of said records and accounts of expenditures.

- (iii) The Recipient shall exercise its rights under each Payment Agreement for the Payment of Cash for Work in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Payment Agreement for the payment of Cash for Work or any of its provisions.
- (e) The Recipient shall refrain from requesting a withdrawal of any part of the funds allocated from time to time to Category (4) without having first: (i) recruited a Cash for Work Provider, in accordance with Section I.B.3(a) and (b) of this Schedule; (ii) recruited a Payment Service Provider in accordance with Section I.B.3(d) of this Schedule; (iii) opened a Cash for Work Account in accordance with Section I.B.3(e)(ii); and (iv) established a grievance mechanism in accordance with Section I.B.4 of this Schedule.

#### 4. *Grievance mechanism*

- (a) For the implementation of Part 2 and Part 3 of the Project, the Recipient shall establish and maintain throughout Project implementation, an efficient, cost effective and independent grievance mechanism, based on international experience and best practices adapted to the local context, as further described in the Project Implementation Manual.
- (b) Without limitation to the provisions of paragraph (a) immediately above, the independent grievance mechanism shall be established for the purpose of, inter alia: (i) clarifying the entitlement of households and individuals to receive benefits from the Project as well as due process if complaints or grievance arise; (ii) implementing such grievance mechanism suitable to the local context in order to protect the rights of the participants; and (iii) designing and implementing an outreach program to inform participants of their rights and duties as well as on the respective procedures.

#### **C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**D. Safeguards**

1. The Recipient shall ensure that Part 3 of the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguard Documents. In particular, the Recipient shall ensure that:
  - (a) for each activity under Part 3 of the Project of a type for which the Environmental and Social Management Framework provides that an Environmental and Social Management Plan should be prepared, such Environmental and Social Management Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such activity, in accordance with the provisions of the Environmental and Social Management Framework, and the relevant activity is implemented in accordance with its Environmental and Social Management Plan; and
  - (b) for each activity under Part 3 of the Project of a type for which the Resettlement Policy Framework provides that a Resettlement Action Plan should be prepared, such Resettlement Action Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such activity, in accordance with the provisions of the Resettlement Policy Framework, and the relevant activity is implemented in accordance with its Resettlement Action Plan.
2. Except as the Association shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Recipient shall not abrogate, amend, repeal, suspend or waive any provisions of any of the Safeguard Documents, nor shall it permit any Cash for Work Provider or Eligible Cash for Work Beneficiaries to do so.
3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.
4. In the event that any provision of the Safeguard Documents shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

**F. Annual Work Plans and Budgets**

1. Each year the Recipient shall prepare: (a) a draft annual work plan and budget for the Project (including Training and Operating Costs) for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested; (b) the evidence, in form and substance satisfactory to the Association, that:
  - (i) for each activity under Part 2.1 and 2.2 of the Project, (A) a targeting firm has been

contracted in accordance with Section I.B.1.(c) of this Schedule and has delivered its work product; (B) a Payment Agreement has been signed in accordance with Section I.B.1(e) of this Schedule; and (C) one or more agreements have been entered into in accordance with Section I.B.2 of this Schedule; and (ii) for each activity under Part 3 of the Project, (A) a Cash for Work Agreement has been entered into in accordance with Section I.B.3 of this Schedule; and (B) a Payment Agreement has been signed in accordance with Section I.B.3(d)(ii) of this Schedule.

2. The Recipient shall furnish to the Association, as soon as available, but in any case not later than November 30 of each year, the annual work plans and budgets and the evidences referred to in subparagraph (1) above, for their review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation, and the evidence which may be required for the implementation of the activities included in the draft annual work plan and budget for such period, which shall be furnished no later than one (1) month after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Association (each an “Annual Work Plan and Budget”) are eligible to a financing from the proceeds of the Financing.
3. Training shall be carried out on the basis of Annual Work Plans and Budgets, which shall, *inter alia*, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.
4. The Recipient shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets.
5. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association’s prior approval.

**G. Manuals**

1. (a) The Recipient ensure that the Project is carried out in accordance with the Project Implementation Manual and the Manual of Administrative, Financial and Accounting Procedures; and (b) except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Project Implementation Manual or the Manual of Administrative, Financial and Accounting Procedures, or any provision thereof.
2. In the event of any conflict between the provisions of the Project Implementation Manual or the Manual of Administrative, Financial and Accounting Procedures and those of this Agreement, the provisions of this Agreement shall prevail.

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

### **A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2.
  - (a) No later than twelve (12) months after the Effective Date, or at such date acceptable to the Association, the Recipient shall cause an independent assessment of the progress made in the implementation of sub-part 2.1 of the Project (the “Independent Assessment”) to be carried out, which shall, *inter alia*, focus on the efficiency and transparency of the payment system under sub-part 2.1, including targeting and payment.
  - (b) In order to ensure the timely carrying out of the assessment referred to in Section II. A.2(a) of this Schedule, the Recipient shall engage independent auditors for the purpose not later than nine (9) months after the Effective Date, on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of this Schedule.
3. No later than thirty (30) months after the Effective Date, or any other date agreed upon between the Association and the Recipient, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the “Mid-term Review”), covering the progress achieved in the implementation of the Project. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

### **B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five days after the end of

each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.
4. In order to ensure the timely carrying out of the audits referred to in Section II. B.3 of this Schedule, the Recipient shall engage independent auditors for the purpose not later than six (6) months after the Effective Date, in accordance with the provisions of Section III of this Schedule.
5. Without prejudice to the provisions of paragraphs (3) and (4) immediately above, the Recipient shall ensure: (a) that a six monthly audit technical audit of the payment system is carried out twice a year, each year throughout the implementation of the Project, to verify, *inter alia*, if the funds disbursed reach their intended beneficiaries; and (b) that each of the corresponding audit reports is transmitted to the Association no later than one (1) month after the end of the period covered by such audit.
6. In order to ensure the timely carrying out of the audits referred to in Section II. B.5 of this Schedule, the Recipient shall engage an independent technical auditor for the purpose not later than six (6) months after the Effective Date, in accordance with the provisions of Section III of this Schedule.

### **Section III. Procurement**

#### **A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

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

<b><u>Procurement Method</u></b>
(a) Limited International Competitive Bidding
(b) National Competitive Bidding
(c) Shopping
(d) Community Based Procurement
(e) Direct Contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b><u>Procurement Method</u></b>
(a) Quality Based Selection
(b) Selection on the Basis of a Fixed Budget
(c) Least Cost Selection
(d) Selection Based on the Consultant's Qualifications
(e) Selection of Individual Consultant
(f) Single Source Selection

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods and consultants’ services for Parts 1, 2 and 4 of the Project, including audits, Training, Operating Costs	13,500,000	100%
(2) Cash Transfers under Part 2.1 of the Project	3,050,000	100% of amounts disbursed
(3) Cash Transfers under Part 2.2 of the Project	21,400,000	100% of amounts disbursed
(4) Works, goods and consultants’ services for Part 3 of the Project	6,550,000	100%
<b>TOTAL AMOUNT</b>	<b>44,500,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR650,000 equivalent (or such lower amount allocated by the Recipient to the financing of activities for the preparation of the Project) may be made for payments made prior to this date but on or after January 1, 2011, for Eligible Expenditures under Category (1) and Category (4); or
  - (b) under Category (2), until the following conditions have been met: (i) the Recipient has entered into a Payment Agreement in accordance with the provisions of Section I.B.1(e) of Schedule 2 to this Agreement; and (ii) the Recipient has recruited a targeting firm and completed the targeting of Beneficiaries in accordance with Section I.B.1(c) of Schedule 2 to this Agreement; and
  - (c) under Category (3), until the following conditions have been met: (i) the Recipient has started to withdraw the funds of Category 2; and (ii) the Independent Assessment has been carried out and the Association is satisfied that its conclusions are globally satisfactory to the Association and does not raise any serious issue with respect, in particular, to the efficiency and transparency system, which has not been remedied by the Recipient in a manner satisfactory to the Association.
2. The Closing Date is June 30, 2017.

### SCHEDULE 3

#### Repayment Schedule

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each July 15 and January 15:	
commencing on July 15, 2021 to and including January 15, 2031	1%
commencing July 15, 2031 to and including January 15, 2051	2%

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### Section I. Definitions

1. “Annual Work Plans and Budgets” means the annual work plans and budgets for the implementation of the Project approved by the Association, referred to in Section I.F of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “Cash Account” means one of the segregated accounts opened by the Recipient in accordance with the provisions of Section I.B.1(e)(ii)(A) of Schedule 2 to this Agreement.
4. “Cash for Work” means a sum of money in an amount determined in the Project Implementation Manual paid or to be paid to an Eligible Cash for Work Beneficiary in remuneration of labor, as part of the cash for community work under Part 3 of the Project.
5. “Cash for Work Account” means one of the segregated accounts opened by the Recipient in accordance with the provisions of Section I.B.3(d)(ii)(A) of Schedule 2 to this Agreement.
6. “Cash for Work Agreement” means any of the agreements referred to in Section I.B.3 of Schedule 2 to this Agreement.
7. “Cash for Work Provider” means an entity that has entered into a Cash for Work Agreement with the Recipient in accordance with the provisions of Section I.B.3 of Schedule 2 to this Agreement.
8. “Cash Transfer” means a transfer of funds in the form of grants on behalf of the Recipient to an Eligible Beneficiary, made or to be made in accordance with the provisions of the Project Implementation Manual, the Manual of Administrative, Financial and Accounting Procedures and a Payment Agreement, with the aim of contributes to support the Eligible Beneficiaries in their fight against food insecurity.
9. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
10. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
11. “CFA Franc” means the Recipient’s currency.

12. “Displaced Person” means a person who, on account of the execution of an activity under the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in (i) relocation or loss of shelter, (ii) loss of assets or access to assets, or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; “Displaced Persons” means all such persons.
13. “Eligible Beneficiary” means an household which meets the targeting and eligibility criteria detailed in the Project Implementation Manual, and as such is eligible to the payment of Cash Transfers, and referred to in Section I.B.1(c) of Schedule 2 to this Agreement.
14. “Environmental and Social Management Framework” means the Recipient’s document entitled “*Cadre de Gestion Environnementale et Sociale (CGES)*” and dated February 18 and March 11, 2011 detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels, and (b) the actions needed to implement these measures, including monitoring and institution strengthening.
15. “Eligible Cash for Work Beneficiary” means an individual who meets the targeting and eligibility criteria detailed in the Project Implementation Manual, and as such is eligible to Cash for Works, and referred to in Section I.B.3(b)(iv) of Schedule 2 to this Agreement.
16. “Environmental and Social Management Plan” means the Recipient’s document prepared and disclosed in accordance with the Environmental and Social Management Framework with respect to an activity included under an Annual Work Plan and Budget, that details: (i) the measures to be taken during the implementation and operation of such activity to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels, and (ii) the actions needed to implement these measures.
17. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
18. “Independent Assessment” means the assessment referred to in Section II.A.2 and Section IV.B.1(c)(ii) of Schedule 2 to this Agreement.
19. “Manual of Administrative, Financial and Accounting Procedures” means the manual prepared and adopted by the Recipient in accordance with the provisions of Section 5.01(c), setting out administrative, financial management, disbursement, and procurement arrangements for purposes of implementation of the Project, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such Manual.

20. “Operating Costs” means the incremental expenses incurred by the CFS, based on the Annual Work Plans and Budgets as approved by the Association, on account of Project implementation, management, and monitoring and evaluation, including the reasonable costs for utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.
21. “Payment Agreement” means any of the agreements referred to in Section I.B.1(e) of Schedule 2 to this Agreement.
22. “Payment Service Provider” a person who has entered into a Payment Agreement with the Recipient in accordance with the provisions of Section I.B.1(e) of Schedule 2 to this Agreement.
23. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 18, 2011 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
25. “Project Account” means the account referred to in Section 5.01(a) of this Agreement.
26. “Project Implementation Manual” means the project implementation manual prepared and adopted by the Recipient in accordance with the provisions of Section 5.01(c), setting out implementation, organizational, monitoring and evaluation, environmental and social monitoring and mitigation, targeting mechanisms, Cash Transfer eligibility criteria, Cash for Work eligibility criteria, for purposes of implementation of the Project, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such Manual.
27. “Project Management Unit” means *Unité de Gestion Technique*, established within CFS by the Recipient’s decision (arrêté) no. 00236/PM dated December 16, 2010.
28. “Region” means each of the eight administrative regions of the Recipient’s territory established by law no. 2002-012 of June 11, 2002, and “Regional” means related to a Region.
29. “Resettlement Action Plan” means the Recipient’s document prepared and disclosed in accordance with the Resettlement Policy Framework with respect to an activity included under an Annual Work Plan and Budget, which, *inter alia*, (i) contains a

census survey of Displaced Persons and valuation of their assets, (ii) describes compensation and other resettlement assistance to be provided, consultation to be conducted with Displaced Persons about acceptable alternatives, institutional responsibilities for the implementation and procedures for grievance redress, and arrangements for monitoring and evaluation, and (iii) contains a timetable and budget for the implementation of such measures.

30. “Resettlement Policy Framework” means the Recipient’s document entitled “*Cadre de Politique de Réinstallation des Populations – Projet Filets Sociaux (PFS)*” and dated February 18, 2011 containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons.
31. “Safeguard Documents” means collectively the Environmental and Social Management Framework, the Resettlement Policy Framework, as well as the Environmental and Social Management Plans and the Resettlement Action Plans prepared for specific activities carried out under the Project, if any.
32. “Safety Net Unit” or “CFS” means *Cellule de Filet Sociaux*, established by the Recipient’s decision (*arrêté*) no. 00236/PM dated December 16, 2010.
33. “Steering Committee” means *Comité de Pilotage*, established within CFS by the Recipient’s decision (*arrêté*) no. 00236/PM dated December 16, 2010.
34. “Training” means the reasonable cost of training under the Project, based on Annual Work Plans and Budgets, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials and other activities directly related to course preparation and implementation.