

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF020412

Global Environment Facility  
Trust Fund Grant Agreement

(Natural Resource Management Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

acting as an  
implementing agency of the Global Environment Facility

Dated September 2, 1998

GEF TRUST FUND GRANT NUMBER TF020412

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated September 2, 1998 between the REPUBLIC OF GHANA (the Recipient) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank and participants of the GEF;

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

(B) following the restructuring of the GEF, such arrangements are continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank establishing the GEF Trust Fund;

(C) the Recipient, having satisfied itself as the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested

assistance from the resources of the GEF Trust Fund in the financing of the Project, and the Bank has determined that such assistance would be in accordance with the provisions of Resolution No. 94-2 referred to above;

(D) the Recipient has also requested the International Development Association (the Association) to provide additional financing towards the financing of the Project, and by an agreement of even date herewith between the Recipient and the Association (the Development Credit Agreement), the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to six million, nine hundred thousand Special Drawing Rights (SDR6,900,000) (the Development Credit);

(E) the Recipient intends to obtain or has obtained from various Donors (as hereinafter defined) loans and grants to assist in financing the Program;

(F) the Bank has received a letter dated April 30, 1998 from the Recipient describing a program of actions, objectives and policies designed to promote sustainable use of its national land, forest and wildlife resources (the Program) and declaring the Recipient's commitment to the execution of the Program; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements for Currency Pool Loans of the Bank, dated January 1, 1985, as amended through December 2, 1997, with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
- (ii) Sections 2.01 (2), (3), (4), (6), (8), (9), (10), (15), (16), (17), (19) and (20), 2.02 and 2.03;
- (iii) Section 3.01;
- (iv) Section 4.01 and the first sentence of Section 4.09;
- (v) Article V;
- (vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (i) and (p), 6.03, 6.04 and 6.06;
- (vii) Section 8.01 (b);
- (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
- (ix) Sections 10.01, 10.03 and 10.04;
- (x) Article XI; and
- (xi) Sections 12.01 (c), 12.03 and 12.04.

(b) The General Conditions shall be modified as follows:

- (i) a new paragraph shall be added to the end of Section 2.01 to read as follows: "the term 'Special Drawing Rights' and the symbol 'SDR' mean special drawing rights as valued by the

International Monetary Fund in accordance with its Articles of Agreement";

- (ii) the term "Bank," wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term "Bank" shall also include the Bank acting in its own capacity;
- (iii) the term "Borrower," wherever used in the General Conditions, means the Recipient;
- (iv) the term "Loan Agreement," wherever used in the General Conditions, means this Agreement;
- (v) the term "Loan" and "loan," wherever used in the General Conditions, means the GEF Trust Fund Grant;
- (vi) the term "Loan Account," wherever used in the General Conditions, means the GEF Trust Fund Grant Account; and
- (vii) a new subparagraph (q) is added after subparagraph (p) in Section 6.02 of the General Conditions as follows: "an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF."

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth, and the following terms have the following meanings:

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

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

(c) "EPA" means the Recipient's Environmental Protection Agency established pursuant to the Environmental Protection Agency Act (Act Number 490 of 1994) of the laws of the Recipient;

(d) "FD" means the Recipient's Forestry Department within its Ministry of Lands and Forestry;

(e) "GFS" means the Ghana Forest Service of the Ministry of Lands and Forestry, to be established by the Recipient pursuant to Section 6.01 (d) of the Development Credit Agreement;

(f) "MEST" means the Borrower's Ministry of Environment, Science and Technology;

(g) "MLGRD" means the Recipient's Ministry of Local Government and Rural Development;

(h) "MLF" means the Recipient's Ministry of Lands and Forests;

(i) "MME" means the Recipient's Ministry of Mines and Energy;

(j) "MOFA" means the Recipient's Ministry of Foods and Agriculture;

(k) "PCC" means Project Coordination Committee to be established by the Recipient and referred to in paragraph 1 (a) of Schedule 4 to this Agreement;

(l) "PCU" means the Project Coordinating Unit established by the Recipient and referred to in paragraph 1 (b) of Schedule 4 to this Agreement;

(m) "PIP" means the Project implementation plan adopted by the Recipient, pursuant to Section 6.01 (a) of the Development Credit Agreement containing detailed arrangements regarding the implementation of the Project, as the same may be amended from time to time, in consultation with and with the consent of the Association, and such term includes any schedules to the Project implementation plan;

(n) "WD" means the Wildlife Department within MLF;

(o) "National Biodiversity Strategy" means the strategy to be adopted by the Recipient, pursuant to Section 6.01 (e) of the Development Credit Agreement, which defines the actions to be taken for the purpose of protecting and conserving the biodiversity of its resources;

(p) "Forest Protection Strategy" means the strategy adopted by the Borrower in 1995 which identifies priority areas for conservation of genetic resources within the forest reserves and outlines a strategic approach for maintaining examples of natural assemblages within the high forest zone;

(q) "Globally Significant Biodiversity Areas" means gazetted forest reserves or parts thereof that have been identified for protection and exclusion of logging to conserve rare, threatened or endangered flora and fauna, or exceptional examples of rare or unique ecosystems;

(r) "ALIF" means the Alternative Livelihood Investment Fund, referred to in Section 3.04 of this Agreement and in paragraph 3 (b) of Schedule 1 to this Agreement, to be established by the Recipient for the purpose of financing alternative livelihood activities for communities which agree to forego income from land designated as Globally Significant Biodiversity Areas;

(s) "ALIF Operational Manual" means the manual to be prepared by the Recipient containing, inter alia, procedures, eligibility criteria and terms and conditions for activities to be financed under ALIF;

(t) "Subproject" means a project or income-generating activity, prepared and selected in accordance with the ALIF Operational Manual and in respect of which a Subgrant (as hereinafter defined) is provided or proposed to be provided;

(u) "Subgrant" means a grant made or proposed to be made out of the proceeds of the GEF Trust Fund Grant to finance a Subproject;

(v) "Donors" means, collectively, the African Development Bank, the Kingdom of Denmark, the European Union, the Kingdom of the Netherlands, the United Kingdom of Great Britain, the World Food Program, Germany and any other national or international agency contributing funds or technical assistance for the Program, and "Donor" means each and every donor individually; and

(w) "Second Phase Credit" means the credit to be provided by the Association to finance the second phase of the Program after the Closing Date of the Development Credit Agreement.

## ARTICLE II

### The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount in various currencies equivalent to six million, five

hundred thousand Special Drawing Rights (SDR 6,500,000).

Section 2.02. (a) The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the GEF Trust Fund Grant.

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

Section 2.03. The Closing Date shall be September 30, 2004 or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, environmental, technical and forestry practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Recipient and the Bank shall otherwise agree, the Recipient shall carry out the Project in accordance with the implementation program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works, and consultants' services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant extended to the Recipient under this Agreement shall be governed by the provisions of Schedule 3 to this Agreement.

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

(a) prepare, on the basis of guidelines acceptable to the Bank and furnish to Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the future operation of the Project; and

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

Section 3.04. For the purpose of Part 5 of the Project, the Recipient shall:

(a) establish ALIF as a legal entity which shall be responsible, inter alia, for financing Subprojects for communities living in Globally Significant Biodiversity Areas;

(b) prepare and furnish to the Bank the ALIF Operational Manual, satisfactory to the Bank, which shall contain, inter alia, procedures, eligibility criteria, and terms and conditions for financing Subprojects; and

(c) allocate an amount of the GEF Grant, not exceeding such amount as may be allocated from time to time to Category (4) of the table in paragraph 1

of Schedule 1 to this Agreement, to finance Subprojects for communities living in Globally Significant Biodiversity Areas, in accordance with the ALIF Operational Manual.

#### ARTICLE IV

##### Financial Covenants

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

(b) The Recipient shall:

- (i) have, or cause to have, the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish, or cause to be furnished, to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish, or cause to be furnished, to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of statements of expenditure, the Recipient shall:

- (i) maintain, or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Remedies of the Bank

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

(a) A situation shall have arisen which shall make it improbable that

the Program, or a significant part thereof, will be carried out.

(b) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Recipient to withdraw the proceeds of the Development Credit or any loan or grant shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(B) such Development Credit or loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

(c) the Recipient and the Association shall have failed to agree on the terms and conditions for the Second Phase Credit.

Section 5.02. Pursuant to Section 7.01 (k) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (b) (ii) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (ii) of that Section.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the GEF Grant Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that all the conditions precedent to the effectiveness of the Development Credit Agreement, other than those related to the effectiveness of this Agreement, have been fulfilled.

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

Section 6.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

#### ARTICLE VII

##### Representative of the Recipient; Addresses

Section 7.01. The Minister of Finance of the Recipient is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Minister of Finance  
Ministry of Finance  
P.O. Box M.40  
Accra, Ghana

Cable address:

Telex:

ECONOMICON  
ACCRA

2205  
MIFAEFGH

For the Bank:

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

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF GHANA

By /s/ Koby Koomson

Authorized Representative

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

By /s/ James W. Adams

Acting Regional Vice President  
Africa

#### SCHEDULE 1

##### Withdrawal of the Proceeds of the GEF Trust Fund Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust Fund Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the GEF Trust Fund Grant Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	500,000	100% of foreign expenditures and 70% of local expenditures
(2) Goods (including equipment and	600,000	100% of foreign expenditures and 85%



	vehicles)		of local expenditures
(3)	Consultants' services and training	1,850,000	100%
(4)	Subgrants under ALIF (Part 5 of the Project)	1,850,000	100% of amounts disbursed
(5)	Incremental operating costs	1,000,000	90% up to December 31, 2000; 50% up to December 31, 2002; and 25% thereafter
(6)	Unallocated	700,000	
	TOTAL	6,500,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any such country;

(b) the term "local expenditures" means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient; and

(c) the term "incremental operating costs" means the expenditures incurred on account of Project implementation, management and monitoring, including office consumables (including communication expenses), staff travel and associated subsistence allowances, salaries for contractual and temporary staff, salaries for Savanna Resource Management Center and GFS staff, office rental, office supplies and maintenance, fuel and maintenance for vehicles but excluding salaries of the Recipient's civil servants.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement, and (b) payments made for expenditures under Category (4) unless the Recipient has: (i) established ALIF as a legal entity and has appointed staff in adequate numbers and with qualifications and experience satisfactory to the Bank, and (ii) furnished to the Bank the ALIF Operational Manual satisfactory to the Bank.

4. The Bank may require withdrawals from the GEF Grant Account to be made on the basis of statements of expenditure for expenditures for: (i) works and goods under contracts not exceeding \$100,000 equivalent, (ii) consultants' services (firms) under contracts not exceeding \$100,000 equivalent, (iii) consultants' services (individuals) under contracts not exceeding \$50,000 equivalent, and (iv) training and operating costs under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank, for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to: (a) promote sustainable use of national land, forest and wildlife resources; and (b) better conserve the rich

biodiversity of the Recipient's forests.

The Project consists of the following, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve such objectives:

1. Establishment of a biodiversity advisory group in MLF through the provision of technical advisory services.
2. Implementation of key elements of the National Forest Protection Strategy and the National Biodiversity Strategy, including: (a) strengthening the biological conservation and management capacity of the GFS; (b) initiating pilot activities to generate revenues from activities other than logging; (c) strengthening the capacity of FD in community-based participatory management practices and implementing improved technical management practices to enhance the environmental sustainability of production and forest management, through the provision of technical advisory services, the carrying out of civil works and training and the acquisition of equipment.
3. Carrying out baseline surveys to identify and demarcate "Globally Significant Biodiversity Areas."
4. Carrying out a program to identify and demarcate provenance reserves within the production forest reserves.
5. Establishment and operation of an Alternative Livelihood Investment Fund through the promotion, design, appraisal, supervision and evaluation of Subprojects and the provision of financing thereof for communities living in Globally Significant Biodiversity Areas.
6. Strengthening the capacity of WD in wildlife management and conservation through the provision of technical advisory services, the carrying out of civil works and training.

\* \* \*

The Project is expected to be completed by March 30, 2004.

### SCHEDULE 3

#### Procurement

#### Section I. Procurement of Good and Works

##### Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and September 1997 (the Guidelines) and the following provisions of this Section.

##### Part B: International Competitive Bidding

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

##### Part C: Other Procurement Procedures

#### 1. Limited International Bidding

Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$250,000 equivalent, and goods, which the Bank agrees can only be purchased from a limited number of suppliers, regardless of the cost thereof, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

## 2. National Competitive Bidding

(i) Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$440,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(ii) Works estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$580,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

## 3. National Shopping

Goods estimated to cost less than \$40,000 equivalent per contract, up to an aggregate amount not to exceed \$330,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

## 4. Force Account

Works which meet the requirements of paragraph 3.8 of the Guidelines, and costing \$300,000 equivalent or less in the aggregate, may, with the Bank's prior agreement, be carried out by force account in accordance with the provisions of said paragraph of the Guidelines.

## 5. Community Participation

Works required for Part 6 of the Project shall be procured in accordance with procedures acceptable to the Bank.

## Part D: Review by the Bank of Procurement Decisions

### 1. Procurement Planning

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

### 2. Prior Review

With respect to each contract for goods and works estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

### 3. Post Review

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

## Section II. Employment of Consultants

### Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

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

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

1. Selection Planning

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

2. Prior Review

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

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

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

SCHEDULE 4

Implementation Program

1. (a) (i) The Recipient shall, not later than September 30, 1998, establish and thereafter maintain a Project Coordinating Committee (PCC) under the chairmanship of the Technical Director of the MLF. The PCC shall have the responsibility to review, on a quarterly basis, proposed work programs and budgets, monitor implementation performance and foster inter-agency and inter-ministerial cooperation in the management of the country's natural resources. Members of the PCC shall include representatives, at the director level, from the following ministries: MLF, MOFA, MEST, MLGRD and MME, and their implementing agencies, representatives of private sector organizations, nongovernmental organizations and academic institutions and Donors.
- (ii) The Recipient shall, or shall cause the PCC, beginning on December 31, 1998, to prepare and furnish to the Bank for its review and comments, a progress report every quarter on Project implementation. Following such reports, the Recipient shall continue the implementation of the Project, taking into account the views of the Bank given pursuant to such progress reports.
- (b) The Recipient shall continue to maintain the Project Coordinating

Unit (PCU) within MLF, which shall have overall responsibility for Project management and coordination, including the preparation of the annual work plans, budgeting and finance, maintenance of a proper financial management and accounting system for the Project, preparation of bidding documents and monitoring of the overall procurement process, management of technical assistance activities and the preparation of a Project completion report. The PCU shall continue to be headed by the Technical Director of MLF.

2. The Recipient shall:

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

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about June 30, 1999, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by September 30 1999, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

3. The Recipient shall carry out the Project in accordance with procedures set forth in the PIP and, except as the Bank shall otherwise agree, not amend or waive any provision thereof if such amendment or waiver may, in the opinion of the Bank, materially or adversely affect the implementation of the Project.

4. The Recipient shall carry out all actions required under the environmental management plan to mitigate and compensate for the impacts that have been identified through the environmental impact assessment.

5. With reference to Section 3.04 of this Agreement, the Recipient shall ensure that Subprojects are implemented in accordance with the ALIF Operational Manual, which shall include the requirement that:

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

(b) goods, services and works required for the purposes of financing Subprojects shall be procured in accordance with procedures acceptable to the Bank.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to

\$750,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$500,000 until the aggregate amount of withdrawals from the GEF Trust Fund Grant Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 2,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Recipient directly from the GEF Trust Fund Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to the provisions of

Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Part B of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

