

CONFORMED COPY

CREDIT NUMBER 2370 MLI

(Natural Resources Management Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 15, 1992

CREDIT NUMBER 2370 MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 15, 1992, between the REPUBLIC OF MALI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Borrower intends to contract from the German Technical Cooperation Agency (GTZ) a grant (the GTZ Grant) in an amount of SDR 900,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the GTZ Agreement) to be entered into between the Borrower and GTZ;

(C) the Borrower intends to contract from the Government of Norway a grant (the Norwegian Grant) in an amount of SDR 3,750,000

to assist in the financing of the Project on terms and conditions set forth in an agreement (the Norway Agreement) to be entered into between the Borrower and the Government of Norway; and

(D) the Borrower intends to contract from the United Nations Development Programme (UNDP) a grant (the UNDP Grant) in an amount of SDR 1,125,000 to assist in the financing of the Project on terms and conditions set forth in an agreement (the UNDP Agreement) to be entered into between the Borrower and UNDP;

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower 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. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Special Account" means the Special Accounts A and B referred to in Section 2.02 (b) of this Agreement and "Second Generation Special Accounts" means the accounts referred to in Section 2.02 (c) of this Agreement;

(b) "CFAFranc" means the currency of the Borrower;

(c) "MAEE" means Ministcre de l'Agriculture de l'Elevage et de l'Environnement;

(d) "CIMU" means Central Implementation and Monitoring Unit, established by the proposed project;

(e) "CRD" means Comite Regional de Developpement;

(f) "CLD" means Comite Local de Developpement;

(g) "TST" means Technical Support Teams;

(h) "PNCC" means Project National Coordinating Committee;

(i) "Bank" means the International Bank for Reconstruction and Development;

(j) "PPF" means Project Preparation Facility means the project preparation advance granted by the Association to the Borrower according to an exchange of letters dated May 27, 1992, June 24, 1992, between the Borrower and the Association; and

(k) "Agricultural Services Project" means the Project funded by the Association under Credit No. 2235 MLI.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to fifteen million Special Drawing Rights (SDR 15,000,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association 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 Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF two special deposit accounts in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment.

(c) The Borrower shall, for the purposes of Part I. A of the Project, open and maintain in CFAF up to three second generation accounts in one or more commercial banks acceptable to the Association, on terms and conditions satisfactory to the Association (including appropriate protection against set-off, seizure or attachment), one in the name of each of the Project's Regional Coordinators of the three regions covered by the Project. The second generation accounts are replenished by the Special Account A.

(d) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

(e) Deposits into, and payments out of, two Special Accounts and the Second Generation Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1998 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the

Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 1 and September 1 commencing September 1, 2002 and ending March 1, 2032. Each installment to and including the installment payable on March 1, 2012 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MAEE with due diligence and efficiency and in conformity with appropriate administrative, financial and technical 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 Borrower and the Association shall otherwise agree, the Borrower 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 Association and the Borrower 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 Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. The Borrower shall, for the purpose of carrying out the Project, employ and maintain staff with qualifications, experience, terms and conditions of employment, all satisfactory to the Association.

Section 3.04. The Borrower shall: (a) establish and maintain for the duration of the Project the Project National Coordinating Committee (PNCC) with composition and functions acceptable to the Association; (b) hire, not later than September 30, 1992, a consultant with terms of reference and qualifications acceptable to

the Association, to set up the Project's computerized management and accounting system and prepare an accounting procedures manual and train projects accountants; and (c) cause the Project Director to convene not later than December 31 of each year, a Project implementation review meeting with the Association, other co-financiers and regional and local authorities to review and approve recommendations of PNCC.

Section 3.05. Without limitation upon the provisions of Section 9.01 of the General Conditions:

(a) the Borrower and the Association shall not later than December 31, 1995, conduct a mid-term Project implementation review to: (i) monitor progress of Project implementation; (ii) assess the experience of land tenure arrangements, aiming at setting up an action plan to be agreed upon between the Borrower and the Association, including measures to replace, modify or implement the existing land tenure framework; (iii) evaluate the support given to the Environmental Monitoring Facility at the national level, particularly concerning the elaboration of the environmental Information System to be prepared; (iv) assess the Baoule National Park management plan; and (v) evaluate the implementation of training program.

(b) Not later than six weeks prior to such review, the Borrower shall furnish to the Association for its review and comments a report in such detail as the Association shall reasonably request, including: (i) an evaluation of progress achieved in Project implementation by the Borrower in general, and by its central, regional and local agencies, in particular; and (ii) a draft action program for the completion of the Project.

(c) Promptly after completing the mid-term review, carry out recommendations of the said review as agreed upon between the Borrower and the Association.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower 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 Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

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

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower 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 Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association'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

##### Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

- (a) the Borrower has submitted to the Association a detailed procurement plan with timetables, satisfactory to the Association;
- (b) the Borrower has submitted to the Association bidding documents for subcontracting the implementation of Part I.D (a) of the Project, satisfactory to the Association;
- (c) contractual arrangements, satisfactory to the Association, have been concluded between the CIMU and the directorate of the Agricultural Services Project on the coordination of the two projects;
- (d) the Borrower has appointed an auditing firm, acceptable to the Association, to audit the Project's accounts;
- (e) an operation monitoring system, satisfactory to the Association, has been established for the Project;
- (f) the accounting and financial management system under Part I of the Project, satisfactory to the Association, has been put in place;
- (g) a Manuel de Procedures, satisfactory to the Association, has been adopted for the preparation, the negotiation and the implementation of villages natural resources management plans, including the necessary actions for land-tenure arrangements for villages concerned by the Project, including: (i) assessment of land-tenure rights of local population; and (ii) negotiations with the local authorities in order to implement land-tenure arrangements involving local communities participation;
- (h) a staffing plan for the Project, satisfactory to the Association, and a short list for the key position, have been submitted to the Association;
- (i) the Borrower has furnished a proof, satisfactory to the Association, establishing that the land-tenure arrangements envisaged under the Project may be implemented under legislative and regulatory framework in force in the Borrower's territory; and

(j) audits reports required under Development Credit Agreements between the Association and the Borrower for Mopti Area Development Project (Credit No. 1595 MLI), Agricultural Sector Adjustment Credit (Credit No. 2163 MLI) and Office du Niger Consolidation Project (Credit No. 1906 MLI), respectively, has been provided to the Association.

Section 5.02. 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.

#### ARTICLE VI

##### Representativeasá of the Borrower; Addresses

Section 6.01. The Minister of the Borrower at the time responsible for Finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Economy and Finance  
Bamako, Mali

Telex:

972559

For the Association:

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

Cable address:

Telex:

INDEVAS	197688 (TRT),
Washington, D.C.	248423 (RCA),
	64145 (WUI) or
	82987 (FTCC)

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 MALI

By /s/ Mohamed A. Toure  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox  
Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works:		100%
(a) for Part I.A of the Project	6,600,000	
(b) for Part I.B of the Project	365,000	
(2) Vehicles, equip- ment, materials:		100%
(a) Part I of the Project	2,100,000	
(b) Part II of the Project	35,000	
(3) Aerial photo- graphs, satellite imagery	230,000	100%
Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(4) Consultants' services:		100%
(a) Part I of the Project	580,000	
(b) Part II of the Project	275,000	
(5) Training	1,200,000	100%
(6) Operating costs:		100%
(a) Part I of the Project	1,900,000	
(b) Part II of the Project	95,000	
(7) Refunding of Project Preparation Advance	150,000	Amount due pur- suant to Section 2.02 (c) of this Agreement
(8) Unallocated	1,470,000	
	<hr/>	
TOTAL	15,000,000 =====	

2. For the purposes of this Schedule, the term "operating costs" means expenditures incremental to the Project for items such as:



office supplies, building rehabilitation and maintenance costs, vehicle repairs and maintenance costs, expenses for travel related to the Project and salaries for local contractual staff.

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; (b) expenses incurred under Category (1) (b) in the table set forth in paragraph 1 of this Schedule, until new Baoule National Natural Park's boundaries satisfactory to the Association have been adopted by the Borrower; and (c) expenses incurred under Categories 2(b), 3, 4 (b) and 6(b) in the table set forth in paragraph 1 of this Schedule, until the Borrower has (i) established a national structure for the planning, the follow up and the evaluation of actions to control desertification and to manage natural resources, with autonomy and authority satisfactory to the Association; (ii) furnish to the Association an organization chart and a work program for the setting up of an environment information system, satisfactory to the Association; and (iii) set up an administrative and financial unit for the implementation of Part II of the Project, satisfactory to the Association.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are: (i) to build up the capacity of the local communities to manage their own natural resources, and build institutional capacity within the MAEE to provide practical advice to villagers on the management of their resources; and (ii) to build an environmental monitoring capacity for coordinating and guiding the very diverse initiatives under way throughout Mali, and to feed into a national natural resources management strategy the lessons of these field experiences.

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

#### Part I: Village Natural Resource Management Plans

I.A: Identification, design implementation and monitoring of village natural resource management plans involving about 150 villages within three administrative regions of Mali and distributed among representative agro-ecological zones of the country. Such natural resource management plans will include, two types of investments at the village level, the exact location of their investments, their kind, possible exception and adjustments and extension to be decided by: (i) representatives of subject village; (ii) local authorities; and (iii) the proper field staff;

(a) Investments in natural resource management designated to stop the degradation of soil, water and natural vegetation, with no immediate impact on production, including:

- (i) water harvesting techniques, including earth, stone and vegetation contour bunds over about 10,000 ha, and deepening of about 90 natural ponds;
- (ii) soil erosion control, including different watershed correction techniques (stones, plantings) over about 1,500 ha, and planting of 7,500 ha of watershed areas threatened by erosion;
- (iii) soil fertility rehabilitation and dune control, with agroforestry plantations over 1,500 ha and anchoring of about 600 ha of dunes using mechanical means and plantings; and
- (iv) protection and rehabilitation of natural

vegetation through the establishment of about 1,500 km of firebreaks, about 3,500 ha of forest plantations, and about 3,200 km of paddock delimitation through boundary markers to facilitate proper grazing practices; establishment of 90 village tree nurseries.

(b) Social infrastructure and productive investments, including: the construction of 12 boreholes, 10 wells and 10 earth-dams; the improvement of rural roads totalling about 60 km; the construction of 12 village grain storage facilities; and the acquisition of about 375 carts for animal traction, 60 grain mills and 22 oil extraction machines.

#### I.B: Baoule National Park

Assistance to the conservation of the Baoule National Park through:

(a) the assessment of the current park's boundaries and adoption of demarcation, leaving the village settlements out of the park area;

(b) the construction of the physical delimitation of the new park's boundaries, the rehabilitation of internal trails and the repair of some damaged buildings, and the establishment of corridors for livestock movement; and

(c) the design and the implementation of a natural resource management plan involving ten villages within the Baoule National Park.

#### I.C: Institutional Support

Institutional support to the central and local government authorities for setting up, implementing and monitoring the village natural resource management plans, including:

(a) recruitment of (i) twenty four extension agents, to provide adequate extension services to women; (ii) three accountants to manage the Project's regional second generation accounts; (iii) five technical support teams, one based in Kayes, one in Diema, one in Koulikoro, one in Kolokani, one in Mopti, and five secretaries to be located in the offices of the Project's local coordinators in the above mentioned cities; each of the technical support teams will include one sociologist, one ecologist and one administrator; and (iv) four staff members of the CIMU;

(b) acquisition of (i) five four-wheel drive vehicles for the technical support teams; (ii) 13 medium-sized vehicles for Region and district coordinators; (iii) 7 vehicles for CIMU; and (iv) 102 small 125-cc motorcycles for extension agents and their coordinators; and

(c) administrative and logistic support, including the rehabilitation of existing offices, and office equipment.

#### I.D: Skills Development and Public Awareness

Training of villagers, technical and administrative local and central government staff and public information and awareness program on the Borrower's natural resource management strategy and action plan, including:

(a) design, planning and supervision of custom training sessions;

(b) implementation of custom training sessions including hiring of trainers and services such as lodging and transportation; and

(c) public information and awareness campaigns aimed at the

public at large on the issues of natural resource management and environmental protection.

I.E.: Technical Assistance and Research

(a) Technical expertise in areas of land tenure, environmental data processing; women participation, agriculture, forestry and livestock, computerized management of the Project's financial management, and preparation of the Project's mid-term review and external audits.

(b) Applied research required for Project implementation as indicated in annual work plans.

Part II:

Support to the unit in charge of planning, and monitoring and evaluation and desertification control and management of natural resources, to be established under MAEE.

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The Project is expected to be completed by December 31, 1997.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

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

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Mali may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Civil works for buildings restoration, boundary delimitation and land and water conservation works up to an aggregate amount of US\$5.7 million may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association; land and water conservation works under Category (1) (a) of the table set forth in paragraph 1 of Schedule 1 to this Agreement, up to an aggregate amount not to exceed the equivalent of \$4.5 million, may be executed by the village communities on the basis of standard unit costs, under specific arrangements satisfactory to the Association.

2. In cases where LCB procurement procedures under the preceding paragraph 1, did not result in any bid, civil works estimated to cost less than \$30,000 per contract, up to an aggregate amount not to exceed the equivalent of \$300,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures satisfactory to the Association.

3. Goods and equipment estimated to cost less than \$100,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,900,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

4. Goods and equipment estimated to cost less than \$30,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,200,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers, eligible under the Guidelines, in accordance with procedures satisfactory to the Association.

5. Up to an aggregate amount not to exceed the equivalent of \$100,000, since only one company produces either SPOT or LANDSAT imagery, satellite imagery may be procured through sole source procurement procedures.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

Part E: Pre-shipment Inspection

All goods imported under the Project shall be subject to pre-shipment inspection for price, quantity and quality verification by a suitably qualified and experienced pre-shipment inspection firm; provided, however, that no price verification shall be conducted in respect of goods to which Part A of this Section applies.

## SCHEDULE 4

### Implementation Program

1. At Village Level. Each village involved in project activities shall establish one natural resource management village group (Village Group) which will be the primary channel of communication with the Project. The Village Group will be consulted by Project staff on any action to be carried out and involved in any decisions to be made concerning the village. The Village Group will include sub-sectoral groups representing farmers, herders, forest users and women.

2. At District and Region Levels. In the Regions and Districts, Project implementation will be supervised by three Regional Coordinators and ten District Coordinators, respectively.

(a) Regional Coordinators will: (i) manage the regional Project's Second Generation Accounts with the assistance of an accountant, (ii) coordinate the Project's work plan in the Region with the activities carried out under the CRD, and (iii) ensure full understanding and support of Project's activities by regional administrative authorities, and that Project's activities are coherent with Regional Development Plans.

(b) District coordinators will: (i) follow-up and support progress achieved by TSTs in implementing village natural resources management plans, (ii) ensure effective coordination of the Project with the Agricultural Services Project, and (iii) facilitate communication between Project's staff and members of local authorities.

3. At National Level. The Project's Central Implementing and Monitoring Unit (CIMU) will be headed by the Project Director who will report directly to the MAEE. CIMU will carry out the overall project implementation, including financial management, procurement and reporting. The Director of CIMU will be assisted by an administrative and financial officer, a data processing officer, an environment expert, a training officer and a monitoring expert.

4. Part B of the Project will be implemented in relation with the existing Baoule National Park Authority (OPNBB) of the National Forestry Directorate.

5. The overall coordination of project activities would be the responsibility of Project National Coordinating Committee (PNCC) which would be chaired by the Minister of Agriculture and meet at least twice a year. It would include representatives from the MAEE's technical departments and other ministries involved in the implementation of the Project. The PNCC will be in charge of the coordination and follow up of the implementation of the Project's activities, its functions will be defined by an arrete of MAEE, satisfactory to the Association. PNCC will ensure full cooperation with all institutions involved in the implementation of the Project.

6. Part II of the Project will be implemented by environmental monitoring team of three experts under MAEE. This team will provide data for monitoring of environment, desertification control projects, on-going natural resources management and progress achieved in decentralization and land tenure texts.

## SCHEDULE 5

### Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means for the Special Account A, Categories (1), (2)(a), (4)(a), (5) and (6)(a) and for the Special Account B Categories 2(b), 3, 4(b) and 6(b) 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 Credit 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 CFAF 300,000,000 to be withdrawn from the Credit Account and deposited into the Special Account A and an amount equivalent to CFAF 35,000,000 to be withdrawn from the Credit Account and deposited into the Special Account B, pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively (a) for eligible expenditures in accordance with the provisions of this Schedule; and (b) in accordance with paragraph 7 of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of Special Accounts, the Borrower shall furnish to the Association requests for deposits into Special Accounts at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association 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 Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into Special Accounts such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of Special Accounts for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit 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 Borrower out of Special Accounts, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association 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 Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from Credit Accounts of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in Special Accounts as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of Special Accounts: (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 Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into Special Accounts shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association 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 Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in Special Accounts.

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

7. (a) The Borrower shall withdraw from the Special Account A and deposit into each second generation account funds to assist the beneficiary of such account to pay for goods and services under the Project. Such withdrawals and deposits shall be in amounts sufficient to assist each beneficiary in the manner contemplated in Schedule 1 to this Agreement, to pay for such goods and services in due course, provided that, at no time shall the Borrower cause the amount held in any second generation account to exceed the equivalent of \$100,000.

(b) Payments out of second generation accounts shall only be made for eligible expenditures in respect of Category (1) and (6)(a) set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

(c) Any withdrawal from any second generation account must be justified to the Borrower by the same documentation and other evidence regarding eligible expenditures provided for under paragraph 3 of this Schedule.

(d) If the Association or the Borrower shall have determined at any time that any amount outstanding in any second generation accounts will not be required to cover further payments for eligible expenditures, the beneficiary of such second generation account shall, promptly upon notice from the Bank or the Borrower, refund to the Special Account A such outstanding amount.

