

CONFORMED COPY

GEF TF GRANT NUMBER TF056982 GUI

Global Environment Facility Grant Agreement

(Community-Based Land Management Project)

between

REPUBLIC OF GUINEA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated November 7, 2006

GEF TF GRANT NUMBER TF056982 GUI

GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT

AGREEMENT dated November 7, 2006 (“Grant Agreement”) entered into between:

REPUBLIC OF GUINEA (“Recipient”); and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”).

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 (“Standard Conditions”), 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 Standard Conditions or in this Agreement.

**Article II
The Project**

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and with the Convention on Biological Diversity, the United Nations Convention to Combat Desertification, and the United Nations Framework Convention on Climate Change.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to seven million Dollars (USD 7,000,000) (“Grant”) to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV Remedies of the World Bank

4.01. The Additional Events of Suspension referred to in Section 4.02 (i) of the Standard Conditions consist of the following:

(a) *Payment Failure.* The Recipient has failed to make payment (notwithstanding that such payment may have been made by a third party) of principal, interest, service charges or any other amount due to the World Bank or the International Development Association (the Association): (i) under any other agreement between the Recipient and the World Bank; or (ii) under any agreement between the Recipient and the Association; or (iii) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the World Bank to any third party with the agreement of the Recipient.

(b) *Event prior to Effectiveness.* The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that, prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V Effectiveness

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and corporate action.

(b) The Recipient has adopted the Project Implementation Manual, in form and substance satisfactory to the World Bank.

(c) The Recipient has established, in form and substance satisfactory to the World Bank, the steering committee set up under the Recipient's Village Communities Support Program, comprising, *inter alia*: (i) a representative each from (A) the Ministry responsible for decentralization, acting as Chair; (B) the Ministry responsible for planning; (C) the Ministry of responsible for agriculture; one (1) of the latter two (2) acting as Vice Chair; (D) the Ministry responsible for finance; (E) the Ministry responsible for pre-university education; (F) Ministry responsible for public health; (G) the Ministry responsible for public works; and (H) the Ministry responsible for fisheries; (ii) three (3) civil society (non-governmental organizations and private institutions) representatives; and (iii) four (7) representatives of Presidents of Rural Development Communities, one (1) from each of the seven (7) Regions of the Recipient's territory, as the Steering Committee for purposes of Project implementation.

(d) The Recipient has selected, in accordance with the provisions of Section III of Schedule 2 to this Agreement, an auditor with qualifications, experience and terms of reference satisfactory to the World Bank, for purposes of Project implementation.

(e) The Recipient has selected, on a competitive basis, a Natural Resource Management Focal Point, with qualifications, experience and terms of reference satisfactory to the World Bank, for purposes of Project implementation.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing the following matter:

On behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf, and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch

of the notice referred to in this sub-paragraph until such event (or events) has (or have) ceased to exist.

5.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Representatives; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the minister at the time responsible for the economy and finance.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of the Economy and Finance
P. O. Box 579
Conakry
Guinea

Telex:	Facsimile:
22399 MIFIGE	(224) 30 45 54 22
	(224) 30 41 17 17

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable Address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Conakry, Guinea, as of the day and year first above written.

REPUBLIC OF GUINEA

By /s/ Madikaba Camara

Authorized Representative

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

By /s/ Idé Gndou

Authorized Representative

SCHEDULE 1 **Project Description**

The objective of the Project is to reduce land degradation through the integration of sustainable land management practices into the overall development-planning process of communities and local governments in selected pilot sub-watersheds.

The Project consists of the following parts:

1. Local Investment Fund

Carrying out of Micro-Projects by local populations in the following areas:

(a) Sustainable land management focused investments, including in relation to:

- (i) soil fertility management;
- (ii) localized soil erosion control;
- (iii) localized river bank protection;
- (iv) degraded land restoration;
- (v) support to conservation agriculture or tillage;
- (vi) introduction of adapted agricultural technologies to farmers for purposes of reduction of risks relating to climate changes;
- (vii) development of improved pastures for purposes of reduction of need for brush fires and ensuring sufficient-quality animal fodder; and
- (viii) support to forestry and agro-forestry investments for purposes of income diversification, land protection and wood-supply increase (firewood, construction).

(b) Operational research and development activities, upon request by local communities, relating to on-farm or on-site testing and validation of new technologies and activities for purposes of land productivity improvement.

(c) Provision of support to demonstration activities for purposes of reduction of land degradation pressures,

all through the provision of Micro-Project Grants.

2. Capacity Building for Local Development

Strengthening the capacity of local governments and rural communities in selected pilot sites in the spatial planning of development activities and in the planning, implementation and coordination of development activities that include sustainable land management practices, including:

- (a) (i) Provision of geographic information system-based planning- and investment-decision support tools such as maps (reflecting natural resource and land quality data), monitoring and evaluation tools such as geographic information system-based database systems and sub-watershed master plans; and
- (ii) establishment of multi-disciplinary technical and scientific taskforce for purposes of review of proposed sub-watershed development plans for consistency with other sub-watershed activities and effectiveness.

(b) Dissemination of technical information and transfer of knowledge relating to land degradation control and mitigation technologies and potential profitable activities, through carrying out of training in and testing and demonstration of sustainable land use technologies and activities.

(c) Provision of support to participatory rural appraisals for purposes of adaptation of existing Local Development Plans to reflect sustainable land management priorities.

- (d) (i) carrying out of training for purposes of improvement of land-use planning skills of local government officers and rural community leaders; and
- (ii) provision of related adapted database management tools.

(e) Provision of support, including training in organizational, management and negotiation skills, to local groups, in relation to sustainable land management and land degradation prevention and control issues.

(f) Provision of support to natural resource use conflict resolution mechanisms (design and implementation),

all through the provision of goods, such as office equipment and supplies, technical advisory services and training and the financing of Operating Costs.

3. Project Management, Coordination and Monitoring and Evaluation

(a) Project Management and Coordination: Provision of support to entities involved in Project implementation.

(b) Project Monitoring and Evaluation: Strengthening and adaptation of the monitoring and evaluation capacity and impact assessment systems of the Recipient's Village Communities Support Program (Phase I):

- (i) use of remote-sensing and geographic information system for measurement of vegetation coverage, extent of land and water degradation and restoration and sediment loading into rivers;
- (ii) establishment of link with a specialized institution for purposes of measurement of evolution of vegetation indices; and
- (iii) aggregation and comparison of data under geographic information system baseline database established for each pilot watershed in Rural Development Communities participating in the Project,

all through the provision of goods, such as office equipment and supplies, technical advisory services and training, the carrying out of works and the financing of Operating Costs.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. Part 1 of the Project shall be implemented by the concerned Beneficiaries, and Parts 2 and 3 by the Ministry at the time responsible for planning, through the National Coordination Unit.

2. Steering Committee

(a) The Recipient shall maintain, throughout Project implementation, the Steering Committee established pursuant to Section 5.01 (b) (iii) of this Agreement, in form and substance and with resources and functions satisfactory to the World Bank.

(b) Without limitation upon the provisions of subparagraph (a) of this Section, the Steering Committee shall be responsible for oversight of Project implementation. As such, it shall, *inter alia*: (i) review the annual work plans and budgets referred to in Section V.B of this Schedule; (ii) review Project implementation status and progress toward achievement of the Project objective; and (iii) decide on corrective action necessary relative to issues in Project implementation.

(c) Without limitation upon the provisions of subparagraph (a) of this Section, the Steering Committee shall meet at regular intervals to review the carrying out of Project implementation, and invite, as appropriate, representatives of the Donors to participate in at least any one (1) said meeting each year.

3. National Coordination Unit

(a) The Recipient shall maintain, throughout Project implementation, the National Coordination Unit, in form and substance and with resources and functions satisfactory to the World Bank, under the Ministry at the time responsible for planning.

(b) Without limitation upon the provisions of subparagraph (a) of this Section, the National Coordination Unit shall comprise staff with qualifications, experience, and terms of reference satisfactory to the Association, including: (i) a national project coordinator, (ii) an accountant; (iii) a procurement specialist; (iv) a Natural Resource Management Focal Point; (v) safeguards specialist; and (vi) a geographic information system specialist.

(c) Without limitation upon the provisions of subparagraph (a) of this Section, the National Coordination Unit shall be responsible for day to day Project implementation. As such, it shall, *inter alia*, (i) coordinate, supervise and monitor Project implementation; (ii) liaise with and provide long-term planning and policy support to entities involved in Project implementation; (iii) carry out financial management and accounting under the Project; and (iv) oversee operation of the Local Investment Fund.

(d) Without limitation upon the provisions of subparagraph (a) of this Section, the National Coordination Unit shall furnish to the Steering Committee for approval by the Steering Committee as soon as available, but in any case not later than September 30 of each year or such later date as the World Bank may agree, commencing September 30, 2006 or two (2) weeks after the Effective Date, whichever is sooner, or such later date as the World Bank may agree, throughout Project implementation, the annual work plans and budgets referred to in Section V.B of this Schedule for the next fiscal year of the Recipient, of such scope and in such detail as the World Bank shall have reasonably requested.

4. Regional Coordination Units

(a) The Recipient shall maintain, throughout Project implementation, Regional Coordination Units in form and substance and with resources and functions satisfactory to the World Bank.

(b) The Regional Coordination Units shall be responsible for monitoring of Project implementation and coordination at the Regional level. As such, they shall furnish periodic reports, in form and substance satisfactory to the World Bank, on Project implementation to the national project coordinator referred to in Part I.A.3 (b) of this Schedule.

5. Natural Resource Management Focal Point

(a) The Recipient shall maintain, throughout Project implementation, a Natural Resource Management Focal Point, with qualifications, experience and terms of reference and with resources and functions satisfactory to the World Bank.

(b) The Natural Resource Management Focal Point shall, *inter alia*: (i) assist the national project coordinator referred to in Part I.A.3 (b) of this Schedule in supervision of the implementation of annual work plans of entities involved in Project implementation; (ii) ensure that terms of reference for consultants' services are available, in form and substance satisfactory to the Bank and produced in accordance with the timetable set forth in the Procurement Plan; (iii) prepare periodic progress reports in accordance with Section II.A.1 (a) of this Schedule; (iv) cause to carry out technical

audits of Parts 2 and 3 of the Project; and (v) organize and participate in periodic supervision missions.

B. Manual

1. Except as the World Bank shall otherwise agree, the Recipient shall: (i) carry out the Project in accordance with the Project Implementation Manual; and (ii) except as the World Bank shall otherwise agree, not amend, abrogate, or waive the aforementioned, or any provision thereof, in a manner which, in the opinion of the World Bank, may materially or adversely affect Project implementation or achievement of the objective thereof.

2. Without limitation upon the provisions of Paragraph 1 of this Section, the Project Implementation Manual shall include: (a) Micro-Project Grant eligibility and Micro-Project implementation guidelines and procedures; and (b) such other technical, environmental, social and organizational arrangements as shall be required for Project implementation.

C. Micro-Projects

1. General

(a) Without limitation upon the provisions of Section I of this Schedule, the Community Council, on behalf of the Recipient, shall appraise, approve, and monitor the Micro-Projects under Part 1 of the Project in accordance with the provisions of this Section and the Project Implementation Manual.

(b) The Recipient shall maintain, throughout Project implementation, the Community Council, in form and substance and with resources and functions satisfactory to the World Bank.

2. Micro-Project Grant Eligibility and Micro-Project Implementation Guidelines and Procedures

(a) No proposed Micro-Project shall be eligible for financing under Part 1 of the Project unless the Community Council has determined, on the basis of an appraisal conducted in accordance with this Section and the Project Implementation Manual, that the proposed Micro-Project satisfies the eligibility criteria specified below and in further detail in the Project Implementation Manual, which shall include, *inter alia*, the following:

- (i) the proposed Micro-Project shall be initiated by a Rural Development Community which meets the eligibility criteria

specified in the Project Implementation Manual, and such Rural Development Community shall be eligible for subsequent Micro-Project Grants if it has completed the Micro-Project set out in its preceding Annual Investment Plan to the satisfaction of the World Bank and the Recipient;

- (ii) the proposed Micro-Project shall be for activities set forth in Part 1 of the Project and further detailed in the Project Implementation Manual;
- (iii) the financing of the proposed Micro-Project shall be fully covered by the sum of the Micro-Project Grant and the Beneficiary's contribution.

(b) No proposed Micro-Project shall be eligible for financing under Part 1 of the Project if the Community Council has determined, on the basis of an appraisal conducted in accordance with this Section and the Project Implementation Manual, that the proposed Micro-Project satisfies any of the non-eligibility criteria specified below and in further detail in the Project Implementation Manual, which shall include, *inter alia*, the following:

- (i) the proposed Micro-Project shall be for activities relating to the production of tobacco or hallucinogen plants; and
- (ii) the proposed Micro-Project shall be for investments not proven to be in compliance with applicable land law.

3. Terms and Conditions of Micro-Project Grant Agreements

(a) A Micro-Project shall be carried out pursuant to a Micro-Project Grant Agreement, to be concluded between the respective the Regional Coordination Unit on behalf of the Recipient and the respective Community Council on behalf of the Beneficiary, under terms and conditions, satisfactory to the World Bank, described in further detail in the Project Implementation Manual, which shall include, *inter alia*, the following:

- (i) the obligation of the Beneficiary to contribute, in cash or in kind, at least ten percent (10%) of the projected Micro-Project costs;
- (ii) the obligation of the Beneficiary to: (A) carry out the Micro-Project with due diligence and efficiency and in

accordance with sound technical, environmental, financial and administrative practices; and (B) maintain adequate records to reflect, in accordance sound accounting practices, the resources, operations, and expenditures relating to the Micro-Project;

- (iii) the requirement that the goods, works, and consultants' services to be financed from the proceeds of the Micro-Project Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Micro-Project; and
- (iv) the right of the Regional Coordination Unit, on behalf of the Recipient, and of the Recipient in its own right, to: (A) inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods, works, sites, plants and construction included in the Micro-Project, the operations thereof, and any relevant records and documents; (B) obtain all information as it, or the World Bank, shall reasonably request regarding the administration, operation, and financial condition of Micro-Projects; and (C) suspend or terminate the right of any Beneficiary to use the proceeds of the Micro-Project Grant upon failure by the Beneficiary to perform any of its obligations under the Micro-Project Grant Agreement;

(b) the Regional Coordination Unit or the Recipient, as the case may be, shall exercise its rights under the Micro-Project Grant Agreement in such manner as to protect its interests and the interests of the World Bank and to achieve the Project objective, and, except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive any substantive provision of the aforementioned.

D. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project, including the Micro-Projects under Part 1 of the Project, is implemented in accordance with the provisions of the Environmental and Social Management Framework and Resettlement Process Framework, and, except as the World Bank shall otherwise agree, the Recipient shall not amend or waive, nor permit to be amended or waived, any provision of the aforementioned if such amendment or waiver may, in the opinion of the World Bank, materially or adversely affect Project implementation or achievement of the objective thereof.

2. The Recipient shall ensure that Micro-Projects are appraised, approved and monitored in accordance with specific procedures set out in the Project Implementation Manual.

Section II. Project Monitoring, Reporting, and Evaluation

A. Project Reports; Completion Report

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) Part 1 of the Project

By the Closing Date, at least 60% of the Micro-Projects funded under Part 1 of the Project have been satisfactorily implemented and maintained by the respective Beneficiary.

(ii) Part 2 of the Project

(A) As of the end of the second year of Project implementation, at least 50 percent of all Micro-Projects approved by the respective Community Council are of satisfactory quality.

(B) By the end of the second year of Project implementation, at least 30 percent of the Rural Development Communities that have participated in the Project in the first year of its implementation have appropriately adapted existing land management plans to include sustainable land management priorities.

(C) By the Closing Date, at least 60 percent of the identified stakeholders in each Rural Development Community

that has participated in the Project have been trained in sustainable land management approaches.

- (iii) Part 3 of the Project
 - (A) The proceeds of the Grant have been satisfactorily managed throughout Project implementation.
 - (B) The annual work plans and budgets referred to in Section V.B of this Schedule have been adhered to throughout Project implementation.
 - (C) Funds have been made available to Beneficiaries as scheduled under the annual work plans and budgets referred to under Section V.B of this Schedule throughout Project implementation.
 - (D) As of the Closing Date, monitoring and evaluation under the Project have yielded reliable data, effective in guiding Project coordination and management, and said data have been independently evaluated and confirmed.

2. The Recipient shall prepare a Recipient's Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

- 1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
- 2. The Recipient shall ensure that interim un-audited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one (1) month after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.
- 3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Procurement and Consultant Guidelines.** All goods, works, and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
 - (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 (“Procurement Guidelines”) in the case of goods and works, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 (“Consultant Guidelines”) in the case of consultants’ services; and
 - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank 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 or National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International or National Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following methods, other than International or National Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (a) Shopping; (b) Procurement from United Nations Agencies; and (c) Community Participation procedures which have been found acceptable to the World Bank.

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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants' Qualifications; and (c) Single-source Selection.

D. Review by the World Bank of Procurement Decisions

1. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) each contract for goods or works estimated to cost the equivalent of \$200,000 or more procured on the basis of International Competitive Bidding, Limited International Bidding or National Competitive Bidding, or Direct Contracting; and (b) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; (c) each contract for consultants' services provided by an individual consultant estimated to cost the equivalent of \$50,000 or more. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures consisting of goods, works, consultants' services, training, Micro-Project Grants, and Operating Costs.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed
(1) Goods	500,000	100% of Foreign Expenditures and 80% of Local Expenditures
(2) Works	50,000	100% of Foreign Expenditures and 80% of Local Expenditures
(3) Consultants' services	1,000,000	100% of Foreign Expenditures and 80% of Local Expenditures
(4) Training	450,000	100%
(5) Micro-Project Grants	3,000,000	100% of amounts disbursed
(6) Operating Costs	500,000	90%
(7) Unallocated	<u>1,500,000</u>	
TOTAL AMOUNT	<u>7,000,000</u> =====	

B. Withdrawal Period

The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2011.

Section V. Other Undertakings

A. Auditor

1. The Recipient shall employ the auditor appointed pursuant to Section 5.01 (b) (i) of this Agreement for no more than three (3) years, including any renewal of the contract for said employment, and shall appoint a new auditor, with qualifications, experience and terms of reference satisfactory to the World Bank, upon expiry of said employment.

2. The Recipient shall submit to the World Bank, no later than June 30 of each year, commencing June 30, 2007, or such later date as the World Bank may agree, throughout Project implementation, the auditor's report, in form and substance satisfactory to the

World Bank and including an opinion as to the regularity of the financial statements of the Project and the use of the proceeds of the Grant.

B. Annual Work Plans and Budgets

The Recipient shall furnish to the World Bank for approval as soon as available, but in any case not later than October 31 of each year or such later date as the World Bank may agree, commencing October 31, 2006 or six (6) weeks after the Effective Date, whichever is sooner, or such later date as the World Bank may agree, throughout Project implementation, the annual work plan and budget for the next fiscal year of the Recipient, of such scope and in such detail as the World Bank shall have reasonably requested.

C. Midterm Review

1. Not later than December 31, 2008 or such later date as the World Bank may agree, the Recipient and the World Bank shall carry out a midterm review ("Midterm Review"). The Recipient shall take all actions it considers necessary to ensure the participation of Beneficiaries, Donors and non-governmental organizations in such Review. Such Review shall cover the progress achieved in Project implementation.

2. No later than two (2) months prior to the Midterm Review, the Recipient shall furnish to the World Bank the following, in form and substance satisfactory to the World Bank: (i) technical and financial audits of Micro-Projects implemented or under implementation under Part 1 of the Project; and (ii) an economic and financial impact analysis of Micro-Projects implemented or under implementation under Part 1 of the Project.

3. No later than one (1) month prior to the Midterm Review, the Recipient shall furnish to the Donors, including the World Bank, for their review and comments, a report, in such detail as the World Bank shall have reasonably requested, on Project implementation.

4. Following such Midterm Review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary by the World Bank to remedy any shortcoming noted in Project implementation, or to implement such other measures as may have been agreed upon between the World Bank and the Recipient in furtherance of the Project objective.

APPENDIX

Definitions

1. “Annual Investment Plan” (*Plan Annuel d’Investissements*) means a plan prepared by a Rural Development Community, outlining its priority investment needs and derived from its Local Development Plan (as hereinafter defined).
2. “Beneficiary” means a Rural Development Community (as hereinafter defined) which meets the criteria specified in the Project Implementation Manual (as hereinafter defined) to which or for whose benefit a Micro-Project Grant (as hereinafter defined) is made or proposed to be made for the carrying out of a Micro-Project (as hereinafter defined) under Part 1 of the Project.
3. “Community Council” (*Conseil Communautaire*) means the decision-making organ of the Rural Development Community (as hereinafter defined).
4. “Convention on Biological Diversity” means the intergovernmental treaty signed in Rio de Janeiro, Brazil on June 12, 1992, the principal objectives of which are the conservation of biodiversity, the sustainable use of the components of biodiversity and the sharing of benefits arising from the commercial and other utilization of genetic resources in a fair and equitable manner. .
5. “Currency” means the currency of a country and the Special Drawing Right. “Currency of a country” means the currency which is legal tender for the payment of public and private debts in that country.
6. “Dollar”, “\$” and “USD” each means the lawful currency of the United States of America.
7. “Donor” means any national or multilateral agency contributing resources to or technical advisory services for the Project.
8. “Environmental and Social Management Framework” means the plan, dated February 17, 2006, agreed with the World Bank and outlining measures for the mitigation of the potential adverse environmental and social impact associated with the Micro-Projects to be implemented under Part 1 of the Project, as the same may be amended from time to time with the concurrence of the World Bank, and such term includes any schedules to the Environmental and Social Management Plan.
9. “Environmental and Social Management Plan” means the plan, dated February 17, 2006, agreed with the World Bank and outlining measures for the mitigation of the potential adverse environmental and social impact associated

with activities to be implemented under the Project, as the same may be amended from time to time with the concurrence of the World Bank, and such term includes the Environmental and Social Management Framework and any schedules to the Environmental and Social Management Plan.

10. “Foreign Expenditure” means an expenditure in the Currency of any country other than the Recipient for goods, works, or services supplied from the territory of any country other than the Recipient.
11. “Guinea Maritime Observatory” (*Observatoire Guinée Maritime*) means the Recipient’s entity established pursuant to the Recipient’s Order No. 165/MP/SGG/2004 of January 5, 2004 or any other entity established in its place by the Recipient upon such establishment.
12. “Local Development Plan” (*Plan de Développement Local*) means a plan prepared by a Rural Development Community outlining its priority development needs.
13. “Local Expenditure” means an expenditure: (a) in the Currency of the Recipient; or (b) for goods, works, or services supplied from the territory of the Recipient; provided, however, that if the Currency of the Recipient is also that of another country from the territory of which goods, works, or services are supplied, an expenditure in such Currency for such goods, works, or services shall be deemed to be a Foreign Expenditure.
14. “Local Investment Fund” (*Fonds d’Investissement Local*) means the funding mechanism which shall provide Micro-Project Grants (as hereinafter defined) to Beneficiaries for the carrying out of Micro-Projects (as hereinafter defined) under Part 1 of the Project.
15. “Micro-Project” means a specific activity in the areas referred to in Part 1 of the Project, financed or proposed to be financed through a Micro-Project Grant (as hereinafter defined) extended under the Local Investment Fund.
16. “Micro-Project Grant” means a grant made or proposed to be made to finance a Micro-Project under Part 1 of the Project.
17. “Micro-Project Grant Agreement” means an agreement between the Recipient represented by the Rural Development Community Council (as hereinafter defined) and a Beneficiary, setting forth the terms and conditions under which proceeds of the Grant shall be made available to the Beneficiary for the purpose of financing Micro-Projects.

18. “National Coordination Unit” (*Cellule Nationale de Coordination*) means the entity referred to in Section I.A.3 (a) of Schedule 2 to this Agreement and whose responsibilities are set out in Section I.A.3 (b) and (c) of said Schedule.
19. “Natural Resource Management Focal Point” means the individual selected pursuant to Section 5.01 (b) (ii) of this Agreement and whose responsibilities are set out in Section I.A.4 (b) of Schedule 2 to this Agreement.
20. “Operating Costs” means the incremental expenses incurred by the National Coordination Unit on account of Project implementation, management and monitoring, including for office space rental and utilities, office supplies, bank charges, communications, advertising, vehicle operation, maintenance and insurance, building and equipment maintenance, travel and supervision, salaries of contractual and temporary staff, but excluding salaries, honoraria, fees, and bonuses of members of the Recipient’s civil service.
21. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 9, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
22. “Project Implementation Manual” means the manual, in form and substance satisfactory to the World Bank, adopted by the Recipient, and outlining implementation, organizational, monitoring and evaluation, environmental and social, financial, disbursement, procurement and administrative management arrangements, as shall have been agreed with the World Bank for purposes of Project implementation, as the same may be amended from time to time with the concurrence of the World Bank, and such term includes any schedules to the Project Implementation Manual.
23. “Region” (*Région*) means an administrative area of the Recipient established pursuant to the Recipient’s Ordinance No. 079/PRG/86 of March 25, 1986, representing a designated area and population within the territory of the Recipient.
24. “Regional Coordination Unit” (*Unité Régionale de Coordination*) means the Regional organ of the National Coordination Unit referred to in Section I.A.4 (a) of Schedule 2 to this Agreement, whose responsibilities are set out in Section I.A.4 (b) of said Schedule.
25. “Resettlement Process Framework” means the framework, dated February 17, 2006, agreed with the World Bank and outlining measures for the participation in resource planning and management of communities who might be adversely impacted by potential resettlement associated with activities to be implemented under the Project, as the same may be amended from time to

time with the concurrence of the World Bank, and such term includes any schedules to the Resettlement Process Framework.

26. “Rural Development Community” (*Communauté Rurale de Développement*) means an administrative area of the Recipient, established pursuant to the Recipient’s Ordinance Nos. 079/PRG/86 of March 25, 1986 and 092/PRG/SGG of October 22, 1990, representing a designated area and population within the territory of the Recipient.
27. “Steering Committee” means the entity established pursuant to Section 5.01 (b) (iii) of this Agreement and whose responsibilities are set out in Section I.A.2 (c) of Schedule 2 to this Agreement.
28. United Nations Convention to Combat Desertification means the intergovernmental treaty which entered into force on December 26, 1996 and which has as its principal objectives to combat desertification and mitigate the effects of drought in countries experiencing serious drought and / or desertification, particularly in Africa.
29. United Nations Framework Convention on Climate Change means the intergovernmental treaty which entered into force on March 21, 1994 and which has as its principal objectives to reduce global warming and to cope with whatever temperature increases are inevitable.
30. “Village Communities Support Program” means the Recipient’s project launched on November 30, 1999 and presently under implementation, financed in part by the Association (Credit No. 3174 and Grant No. H201).