

**CONFORMED COPY**

**GEF TRUST FUND GRANT NUMBER TF053855 BUR**

# **Global Environment Facility Trust Fund Grant Agreement**

**(Sahel Integrated Lowland Ecosystem Management Project)**

**between**

**BURKINA FASO**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**acting as an Implementing Agency of the Global Environment Facility**

**Dated July 14, 2004**

**GEF TRUST FUND GRANT NUMBER TF053855 BUR**

**GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT**

AGREEMENT, dated July 14, 2004, between BURKINA FASO (the Recipient) and 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 as participants of the GEF.

WHEREAS (A) the Bank has received a letter from the Recipient, dated April 22, 2004, endorsing a program designed to improve the productivity and sustainability of rural resources in selected sub-watersheds (the Program), and declaring the Recipient's commitment to the execution of such program;

(B) the Recipient has requested that the Bank support the Recipient's execution of this Program through a series of grants over a period of approximately 15 years to be utilized by the Recipient in the implementation of the Program;

(C) 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;

(D) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, *inter alia*, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution No. 94-2);

(E) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution No. 94-2;

(F) the Recipient has obtained from the International Development Association financing towards the Baseline Project (as hereinafter defined) pursuant to the Development Credit Agreement No. 3436 BUR of June 7, 2001; 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 Single Currency Loans of the Bank, dated May 30, 1995 (as amended through October 6, 1999), 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), (5), (6), (7), (8), (14), (15), (16), (18) and (21), 2.02 and 2.03;
  - (iii) Section 3.01;
  - (iv) Sections 4.01 and 4.06;
  - (v) Article V;
  - (vi) Sections 6.01, 6.02 (c), (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.
- (vii) The General Conditions shall be modified as follows:
- (i) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (6), 5.01 (a) and 6.02 (f) 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;
  - (ii) the term "Borrower", wherever used in the General Conditions, means the Recipient;

- (iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
- (iv) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;
- (v) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account;
- (vi) a new subparagraph is added after subparagraph (o) 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.”; and
- (vii) Paragraph (c) of Section 9.06 of the General Conditions is modified to read as follows:
  - “(c) Not later than six months before the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, the Recipient shall prepare and furnish to the Bank a report, of such scope and in such detail as the Recipient shall reasonably request, on the execution of the Project, its cost and the benefits derived and to be derived from it, the performance by the Recipient and the Bank of their respective obligations under the Grant Agreement and the accomplishment of the purposes of the Grant.”

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 additional terms have the following meanings:

(a) “Baseline Project” means the Community-Based Rural Development Project, the Development Credit Agreement No. 3436 BUR of June 7, 2001, between the Recipient and the Association;

(b) “Beneficiary” means an entity (including a village, group of villages, or a province) which meets the eligibility criteria specified in the Project Implementation Manual (as hereinafter defined), and to which or for whose benefit a Subgrant (as hereinafter defined) is made, or proposed to be made, for a Subproject under Part B of the Project;

(c) “CFAF” means *Franc de la Communauté Financière Africaine*, the currency of the Recipient;

(d) “Eligible Expenditures” means the expenditures for goods, works and consultants’ services referred to in Section 2.02 (a) of this Agreement;

(e) “Environmental and Social Management Framework” or “ESMF” means the framework adopted by the Recipient on August 15, 2003, describing the environmental and social planning, review, approval, mitigation, monitoring, training, technical assistance, and institutional measures under the Project, referred to in Paragraph 9 of Schedule 4 to this Agreement;

(f) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(g) “Fiscal Year” means the Recipient’s fiscal year commencing on January 1 and ending on the following December 31;

(h) “Integrated Ecosystem Management” or “IEM” means a comprehensive cross-sectoral and participatory approach to natural resource management planning and implementation on an ecosystem scale to achieve multiple and cross-cutting local, national and global benefits;

(i) “Local Investment Fund” means the fund referred to in Part B of the Project;

(j) “Midterm Review” means the midterm review referred to in paragraph 8 of Schedule 4 to this Agreement;

(k) “PCU” means the Recipient’s Project Coordination Unit for the Project referred to in paragraph 5 of Schedule 4 to the Development Credit Agreement for the Baseline Project, signed between the Recipient and the International Development Association on June 7, 2001;

(l) “Process Framework” or “PF” means the mechanism referred to in Paragraph 9 of Schedule 4 to this Agreement and adopted by the Recipient on August 15, 2003, through which populations living in and around the areas affected by the Project shall participate in determining the restrictions to access to natural resources, the assessment of the impact of any such restrictions, the determination of remedial measures to redress those impacts on segments of the local population, and the resolution of any grievances, as well as the definition and implementation of a monitoring program to assess the adequacy of any remedial measure;

(m) “Project Account” means the account referred to in Section 3.04 (a) of this Agreement;

(n) “Project Implementation Manual” means the manual of procedures and supporting handbooks for the Baseline Project, including: (i) the Administrative and Financial Procedures Manual; (ii) the Technical Manuals (guidelines for specific types of infrastructure investments); (iii) the Monitoring and Evaluation Manual; (iv) the Local

Investment Fund (LIF) Manual; and (v) the Environmental and Social Management Framework developed as revised to take into account the specificities of this Project, referred in paragraph 1 of Schedule 4 to this Agreement;

(o) “Project Steering Committee” means the committee to be established pursuant to Section 6.01 (a), referred in paragraph 2 of Schedule 4 to this Agreement, and also referred to in paragraph 4 of Schedule 4 to the Development Credit Agreement for the Baseline Project;

(p) “Project Technical and Scientific Advisory Network” means the network to be established pursuant to paragraph 3 of Schedule 4 to this Agreement;

(q) “Project Year” means the 12-month period beginning from the Effective Date and ending 12 months thereafter, and each successive 12-month period thereafter;

(r) “Resettlement Policy Framework” or “RPF” means the framework dated July 30, 2003, outlining the modalities for land acquisition, resettlement and rehabilitation under the Project, and referred to in Paragraph 9 of Schedule 4 to this Agreement;

(s) “Special Account” means the account referred to in Section 2.02 (b) (i) of this Agreement;

(t) “Subgrant” means any of the subgrants referred to in Part B of the Project;

(u) “Subgrant Agreement” means any of the agreements referred to in paragraph 7 of Schedule 4 to this Agreement;

(v) “Subproject” means any activity or group of activities to be carried out under Part B of the Project, financed or proposed to be financed through a Subgrant extended under Part B of the Project; and

(w) “90-Day Advance Account” means any of the advance accounts referred to in Section 2.02 (b) (ii) of this 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 of four million five hundred thousand Dollars (\$4,500,000).

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: (i) 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 and to be financed out of the proceeds of the GEF Trust Fund Grant; and (ii) amounts paid (or, if the Bank shall so

agree, to be paid) on account of withdrawals made under Subgrants in respect of the reasonable costs of goods, works and services required for Subgrants to be carried out under Part B of the Project, and in respect of which the withdrawal from the GEF Trust Fund Grant Account is requested.

(b) The Recipient may, for the purposes of the Project, open and maintain in CFAF: (i) a special deposit account; and (ii) two 90-Day Advance Accounts in provinces (as the Recipient and the Bank shall agree upon), all said accounts in commercial banks on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account and each respective 90-Day Advance Account shall be made in accordance with the provisions of Schedule 1 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2009, 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, engineering, technical and environmental practices and with due regard to ecological and environmental factors, 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 shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 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 the Bank not later than six months before 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. Without any limitation upon the provisions of Section 3.01 of this Agreement, the Recipient shall:

(a) open, and thereafter maintain until the completion of the Project, a Project Account in CFAF in the Recipient's Treasury (the Project Account), on terms and conditions satisfactory to the Bank;

(b) deposit into the Project Account an initial deposit equivalent to CFAF 20,000,000 representing the Recipient's contribution to the cost of the Project for the first six months of Project implementation, and every six months after the Initial Deposit, deposit into the Project Account such amounts as are estimated to be required for the ensuing six-months period as shall be agreed upon between the Recipient and the Bank; and

(c) ensure that the amounts deposited into the Project Account in accordance with paragraph (b) of this Section shall be used exclusively for expenditures under the Project not otherwise financed from the proceeds of the GEF Trust Fund Grant.

## **ARTICLE IV**

### **Financial Conditions**

Section 4.01. (a) The Recipient shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) have the financial statements referred to in paragraph (a) of this Section for each Fiscal Year (or other period agreed to by the Bank) audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors, acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, (or such other period agreed to by the Bank), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.



(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of reports referred to in Part A.5 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Recipient shall:

- (i) retain, until at least one year after the Bank has received the audit report for, or covering, 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;
- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such reports and statement of expenditures are included in the audit for each Fiscal Year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in paragraph 8 of Schedule 4 to this Agreement, the Recipient shall prepare and furnish to the Bank a Financial Monitoring Report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Grant, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and previously forecast implementation targets; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Bank not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Bank not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Remedies of the Bank**

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional event is specified, namely, that a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

## **ARTICLE VI**

### **Effectiveness; Termination**

Section 6.01. The following events are specified as conditions to the effectiveness of the GEF Trust Fund Grant within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Recipient has: (i) opened the Project Account; and (ii) paid the Initial Deposit into the Project Account;

(b) the Recipient has adopted the Project Implementation Manual in form and in substance satisfactory to the Bank, including the procurement plan for the first eighteen months of the Project;

(c) the Project Steering Committee has adopted the work program for the first year of the Project Implementation;

(d) the Recipient has recruited the independent auditors referred to in Section 4.01 (b) (i) of this Agreement, under terms and conditions acceptable to the Bank, in accordance with the provisions of Schedule 3 to this Agreement;

(e) the Recipient has recruited the accountant for the PCU, under terms and conditions acceptable to the Bank, in accordance with the provisions of Schedule 3 to this Agreement;

(f) the Recipient has adapted the financial management system (manual and software) to the Project specificities in a manner acceptable to the Bank;

(g) the Recipient has nominated the Project coordinator within the PCU; and

(h) the Recipient has submitted to the Bank terms of reference, acceptable to the Bank, for collecting the data necessary to measure the impact of the Project.

Section 6.02. The date 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 their obligations hereunder.

## **ARTICLE VII**

### **Representatives of the Recipient; Addresses**

Section 7.01. The Ministry of the Recipient at the time responsible for finance and budget is designated as representative of the Recipient 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:

Ministère des Finances et du Budget  
03 BP 7008  
Ouagadougou 03  
Burkina Faso

Cable address:  
SEGEGOUV

Telex:  
5555

Facsimile:  
(226) 31 27 15 or  
(226) 31 54 09

For the Bank:

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

Cable address:

Telex:

INTBAFRAD  
(MCI)

248423 (MCI) Washington, D.C. 64145

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.

BURKINA FASO

By

/s/ Tertius Zongo

Authorized Representative

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

By

/s/ A. David Craig

Authorized Representative

## SCHEDULE 1

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

#### A. General

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:

<u>Category</u>	Amount of the GEF Trust Fund Grant Allocated (Expressed in Dollars )	% of Expenditures to be Financed
(1) Vehicles and equipment	100,000	100% of foreign expenditures and 80% of local expenditures
(2) Consultants' Services and Audits	800,000	100% of expenditures relating to foreign individual consultants; 80% of expenditures relating to local individual consultants; and 80% of expenditures relating to local and foreign firms
(3) Training and Workshops	400,000	100%
(4) Subgrants under Part B of the Project	2,000,000	100% of the amount disbursed
(5) Operating Costs	800,000	80%
(6) Unallocated	400,000	
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TOTAL	4,500,000	
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2. For the purposes of this Schedule, the terms:

(a) “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 country other than that of the Recipient;

(b) “local expenditures” means expenditures in the currency of the Recipient or for goods 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 or services are supplied, expenditures in such currency for such goods or services shall be deemed to be “foreign expenditures”;

(c) “training and workshops” includes scholarships stipendiums, purchase of training materials, rental of training facilities, health insurance for travel abroad, per diem and travel costs.

(d) “operating costs” means the incremental operating costs arising under the Project on account of maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, office rent, travel, per diem and allowances, travel and accommodation, and reasonable bank charges related to the operation of the Special Account, 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) expenditures under Category (4) for any Subgrant unless such Subgrant has been approved by the Bank in accordance with, and subject to, the provisions of paragraphs 6, 7 and 9 of Schedule 4 to this Agreement, and the eligibility criteria and terms and conditions set forth in the Project Implementation Manual.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for: (i) works under contracting costing less than \$500,000 equivalents each; (ii) goods under contracts costing less than \$250,000 equivalent each; (iii) employment of consulting firms under contracts costing less than \$100,000 equivalent each; (iv) employment of individual consultants under contracts costing less than \$50,000 equivalent each; and (v) Subgrants, training, studies and operating costs, all under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. The Recipient may request withdrawals from the GEF Trust Fund Grant Account to be made on the basis of reports to be submitted to the Bank in form and substance satisfactory to the Bank, such reports to include the FMR and any other information as the Bank shall specify by notice to the Recipient. In the case of the first such request submitted to the Bank before any withdrawal has been made from the GEF Trust Fund Grant Account, the Recipient shall submit to the Bank only a statement with the projected sources and

applications of funds for the Project for the six-month period following the date of such request.

B. Special Account

1. After the Bank has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the GEF Trust Fund Grant Account of amounts to be deposited into the Special Account shall be made as follows:

(a) if the Recipient is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) if the Recipient is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

2. Payments out of the Special Account and the 90-Day Advance Accounts shall be made exclusively for Eligible Expenditures. For each payment made out of the Special Account and the 90-Day Advance Accounts, 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.

3. Notwithstanding the provisions of Part B.1 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if the Bank, at any time, is not satisfied that the reports referred to in Part A. 5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Bank determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Recipient directly from the GEF Trust Fund Grant Account; or

(c) 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: (A) the records and accounts for the Special Account or any of the 90-Day Advance Accounts; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

4. The Bank shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.1 of this Schedule 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 Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what

procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

5. (a) If the Bank determines at any time that any payment out of the Special Account and any of the 90-Day Advance Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the Special Account or any of the 90-Day Advance Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. 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 determines at any time that any amount outstanding in the Special Account or any of the 90-Day Advance Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, 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 and the 90-Day Advance Account.

(d) Refunds to the Bank made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

6. 90-Day Advance Accounts

(a) The Recipient shall withdraw from the Special Account and deposit into each 90-Day Advance Account sufficient funds to facilitate implementation of the Project, provided that the Recipient shall at no time cause the amount held in any 90-Day Advance Account to exceed the equivalent of \$100,000 each;

(b) payments out of 90-Day Advance Accounts shall only be made for eligible expenditures in respect of Categories (1) to (4) set forth in the table in paragraph A.1 of this Schedule;

(c) any withdrawal from any 90-Day Advance Account must be justified to the Recipient by the same documentation and other evidence regarding eligible expenditures provided for under paragraph B.2 of this Schedule; and

(d) if the Bank or the Recipient shall have determined at any time that any amount outstanding on any 90-Day Advance Account will not be required to cover further payments for eligible expenditures, the relevant implementing agency shall, promptly upon notice from the Bank or the Recipient, refund to the relevant Special Account such outstanding amount.





**Annex A  
to  
SCHEDULE 1**

**Operation of Special Account  
When Withdrawals Are Not  
Report-based Disbursements**

1. For the purposes of this Annex, the term “Authorized Allocation” means an amount equivalent to CFAF 300,000,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 2 of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to CFAF 200,000,000 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 \$1,000,000.
2. 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 in the aggregate do not exceed the Authorized Allocation. 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.
  - (b) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposit into the Special Account at such intervals as the Bank shall specify. 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 Part B.2 of Schedule 1 to this Agreement 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. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.
3. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions 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 Credit 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.

**Annex B  
to  
SCHEDULE 1**

**Operation of Special Account  
When Withdrawals Are  
Report-based Disbursements**

1. Withdrawals from the GEF Trust Fund Grant Account shall be deposited by the Bank into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.
2. Upon receipt of each application for withdrawal of an amount of the Grant, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.

## **SCHEDULE 2**

### **Description of the Project**

The objective of the Project is to strengthen the capacity of rural communities to undertake an integrated management of their ecosystems, so as to reverse the degradation of their natural resource base, and thereby alleviate, in a sustainable manner, poverty and vulnerability.

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

**Part A:           Local Capacity Building**

Strengthening the technical and organizational capacity of rural communities and groups of communities to plan, implement and monitor IEM Subprojects, through the provision of technical advisory services, training, and the acquisition of equipment, as set forth in the Project Implementation Manual.

**Part B:           Local Investment Fund/Subgrants**

Establishment of a local investment fund to provide Subgrants to Beneficiaries for the carrying out of IEM Subprojects, including, *inter alia*: (a) promotion of zero-tillage and conservation agriculture in lowlands and adjacent uplands; (b) testing and dissemination of innovative technologies for land rehabilitation; (c) testing and dissemination of innovative agro-sylvo-pastoral management practices; (d) support to biodiversity promoting enterprises (medicinal plants or lowland aquaculture); (e) rehabilitation and biodiversity conservation of lowland areas with specific cultural functions; (f) protection of river banks against livestock damage; (g) creation of arboreta and the protection of sacred woods; (h) the identification and improvement of wildlife routes; (i) the stabilization of the banks of fishing waters; (j) soil and water conservation works; and (k) reforestation and forest management.

**Part C:           Institutional Capacity Building**

Strengthening the capacity of national, regional and provincial entities and institutions to incorporate an integrated ecosystem management approach in their development planning processes through the provision of technical advisory services, training, workshops, equipment and the financing of incremental operating costs.

**Part D:           Building Partnerships for Sustainable IEM Financing**

Building the capacity at the national and local level to mobilize national and international funds to address environmental and resource management issues of local, regional and potentially global significance, through the provision of technical advisory services, training, workshops, equipment, and the financing of incremental operating costs.

**Part E:           Administration, Monitoring and Evaluation**

Support to the Project Coordination Unit of the Baseline Project for the management, monitoring and evaluation related to the implementation of the Project through the provision of technical support services, financing of incremental operating costs, vehicles, equipment, and provision of training to said unit.

\* \* \*

The Project is expected to be completed by June 30, 2009.

### **SCHEDULE 3**

#### **Procurement and Consultants' Services**

##### Section I. Procurement of Goods 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, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

###### Part B: International Competitive Bidding

1. 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.
2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

###### Grouping of contracts

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

###### Part C: Other Procurement Procedures

###### 1. National Competitive Bidding

(a) Works estimated to cost less than \$500,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Goods estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

###### 2. International or National Shopping

Goods estimated to cost less than \$35,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines. Where such goods are not available, they may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines. Solicitations will be issued in writing to at least three reputable suppliers.

3. Procurement from UN Agencies

Goods estimated to cost less than \$100,000 equivalent per contract, may be procured by Inter-Agency Purchase and Service Organization of the United Nations or United Nations' Children's Fund, in accordance with the provisions of paragraph 3.9 of the Guidelines.

4. Community Participation

Goods and works required for Part B of the Project shall be procured in accordance with procedures acceptable to the Bank.

5. Procurement of Small Works

Works estimated to cost less than \$35,000 equivalent per contract, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

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 \$250,000 or more, and \$500,000 or more, respectively, the procedures set forth in paragraphs 2 and 4 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 Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, 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.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The shortlist of consultants for services estimated to cost less than \$100,000 equivalent per contract may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for financial and technical audits estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2 Selection Based on Consultants' Qualifications

Services for architectural design, civil works supervision, and preparation of bidding documents estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Single Source Selection

Local community support services which are estimated to cost less than \$5,000 equivalent per contract may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

4. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines (including seminar and small studies) shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.4 of the Consultant Guidelines.

Part D: 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: (i) each contract for the employment of: (A) consulting firms estimated to cost the equivalent of \$100,000 or more, and (B) individual consultants estimated to cost the equivalent of \$50,000 or more; (ii) each contract for services to be procured using single-source selection procedures; (iii) consulting services for critical assignment, as determined by the Bank; and (iv) amendments to each contract for consulting services raising the estimated cost above the prior threshold amounts in this subparagraph (a), the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

3. Post Review

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

## **SCHEDULE 4**

### **Implementation Program**

1. Project Implementation Manual

(a) The Recipient shall prepare and furnish to the Bank a Project Implementation Manual in a form and substance satisfactory to the Bank.

(b) The Recipient shall carry out the Project in accordance with the Project Implementation Manual, and except as the Bank shall otherwise agree, shall not amend, abrogate or waive any provision of the Project Implementation Manual, if such amendment, abrogation or waiver may, in the opinion of the Bank, materially or adversely affect the carrying out of the Project.

2. Project Steering Committee

(a) The Project Steering Committee shall be responsible for guiding the Project's implementation and reviewing and approving the annual work programs and budgets.

(b) The Recipient shall maintain the Project Steering Committee in a form and with functions and resources satisfactory to the Bank.

3. Project Technical and Scientific Advisory Network

(a) The Recipient shall, within six months after the Effective Date, establish and thereafter maintain, until the completion of the Project, the Project Technical and Scientific Advisory Network, in a form and with functions and resources satisfactory to the Bank.

(b) The Project Technical Advisory Network shall be responsible for providing periodic scientific and technical guidance during Project implementation.

4. Project Coordination Unit

(a) The Recipient shall maintain the PCU in a form and with functions and resources satisfactory to the Bank. The Recipient shall recruit and assign to the PCU the following personnel with qualifications and experience satisfactory to the Bank: (i) a Project coordinator; and (ii) an accountant.

(b) The PCU shall be responsible for the responsible for the day-to-day implementation of the Project, including, *inter alia*: (a) manage the work program at the national level; (b) manage the donors contributions to the Project; (c) carry out procurement; (d) provide technical support to the provincial teams for each region; (e) organize workshops at the national level and regional level in support of the Project's objectives; and (e) monitor and evaluate the implementation of the work program and its impact.

5. Ministerial and Provincial Procurement Commissions

The Recipient, in order to facilitate procurement under the Project, shall maintain the Ministerial and Provincial Procurement Commissions established under the Baseline Project in a form and with functions and resources satisfactory to the Bank.

6. Eligibility Criteria for Subgrants

Without limitation on the provisions of paragraph 1 (b) above, no Subgrant shall be eligible for financing out of the proceeds of the Grant unless the PCU shall have determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the Project Implementation Manual, that the Subgrant satisfies the eligibility criteria specified in more detail in the Project Implementation Manual, which shall include the following:

(a) the Subgrant shall be for IEM activities included in the sub-watershed plan developed and adopted in accordance with the guidelines set forth in the Project Implementation Manual;

(b) the Subgrant shall be implemented by a duly represented Beneficiary;

(c) the Subgrant shall be economically, financially, and technically viable in accordance with the standards specified in the Project Implementation Manual;

(d) except as the Bank shall otherwise agree, the Beneficiary shall provide not less than 20% of the estimated costs of the Subgrant in the form of cash, materials, labor, or other services; and

(e) the Subgrant shall be in compliance with the standards set forth in the applicable laws of the Recipient relating to health, safety, and environmental protection.

7. Terms and Conditions of Subgrants made under the Local Investment Fund

For purposes of funding IEM activities included in the sub-watershed plan, the Recipient shall enter into Subgrant Agreements with the Beneficiaries under terms and conditions described in the Project Implementation Manual and satisfactory to the Bank, which shall include the following:

(a) the Beneficiaries carry out, operate, and manage the Subgrants for which the Subgrant is made with due diligence and efficiency and in accordance with sound technical, financial, managerial and environmental standards and practices;

(b) the Beneficiaries maintain adequate records for each Subgrant;

(c) the Beneficiaries ensure that all goods, works and services to be financed out of the proceeds of the Subgrant are procured at a reasonable price, account being taken also of other relevant factors such as: (i) time of delivery and efficiency and reliability of the goods

and availability of maintenance facilities and spare parts therefore; and (ii) in the case of services, the quality of such services and the competence of the parties rendering such services;

(d) the Beneficiaries use the goods and services to be financed out of the proceeds of a Subgrant exclusively in the carrying out of the Subproject;

(e) the Recipient reserves the right to inspect, by itself or jointly with representatives of the Bank, if the Bank shall so request, any goods, works, plants and construction included in the Subgrant, the operation thereof, and any relevant records and documents;

(f) the Beneficiaries provide all such information as the Bank or the Recipient shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Beneficiaries and to the benefits to be derived from the Subgrant;

(g) the Recipient causes technical and financial audits to be carried out for the investments made under the watershed plan of the Beneficiaries. These audits are to be carried out on a regular basis at a frequency detailed in the annual work programs and are meant to verify the technical quality of investments made and the appropriateness of financial management procedures at the level of the Beneficiaries; and

(h) the Recipient suspends or terminates the right of the Beneficiaries to the use of the proceeds of the Subgrant upon failure by such Beneficiaries to perform its obligations under the Subgrant Agreement.

#### 8. Annual and Midterm Review

(a) The Recipient shall furnish to the Bank for its review and comments:

(i) not later than November 30 of each year, commencing on November 30, 2004, or such later date as the Bank may agree, until the completion of the Project, the draft work program with detailed indicators and calendar, and the related procurement plan and budget for the next Fiscal Year; and

(ii) not later than March 31 of each year, commencing on March 31, 2005, or such later date as the Bank may agree, until the completion of the Project, an annual report setting forth, *inter alia*, (A) a summary of the results of the monitoring and evaluation activities performed pursuant to subparagraph (a) of this paragraph, and (B) progress achieved in the carrying out of the Project, including an analysis of any divergence between planned and actual outcomes.

(b) (i) By April 30 of each year, commencing April 30, 2005, or such later date as the Bank may agree, the Recipient and the Bank shall carry out an annual review of the Project (the Annual Review); such

Annual Review shall cover the progress achieved in the execution of the Project, including, *inter alia*, the proposed work program and related budgets to be carried out during the following year.

- (ii) Following the said Annual Review, the Recipient shall carry out the said work programs in accordance with the modalities and procedures approved by the Bank and in accordance with the Project Implementation Manual.

(c) By March 31, 2007, or such later date as the Recipient and the Bank shall agree upon, the Recipient and the Bank shall carry out a Midterm Review.

- (i) The Recipient shall take all necessary actions to ensure the participation of Donors, NGOs, and Beneficiaries in this Midterm Review. The Midterm Review shall cover the progress achieved in the implementation of the Project, and
- (ii) the Recipient shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about December 31, 2004, 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.

9. Environmental and Social Management Framework, Process Framework and Resettlement Policy Framework

- (a) Except as the Bank shall otherwise agree, the Recipient shall:

carry out or cause the Project to be carried in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the ESMF, PF and RPF (including the preparation and implementation of the appropriate resettlement plans for compensation, resettlement and rehabilitation, in accordance with the RPF, said plans to be in form and substance satisfactory to the Bank); and

- (ii) not amend or waive, or permit to be amended or waived, the ESMF, PF or RPF, or any provisions thereof, in a manner which, in the opinion of the Bank may materially and adversely affect the implementation of the Project.

(b) The Recipient shall ensure that: (a) all measures necessary for the carrying out of the ESMF, PF and RPF are taken in a timely manner; and (b) progress reports referred to in Paragraph 8 of this schedule shall include adequate information on monitoring of the measures defined in the ESMF, PF and RPF.



## **SCHEDULE 5**

### **Performance Indicators**

For the purposes of this Agreement, the performance indicators to be used for the Project shall include the following, said indicators being subject to modifications by agreement between the Recipient and the Bank:

1. Positive trend in an aggregate index of plant and insect diversity, soil organic content, grass and tree biomass in three out of four Project sites in 5 years;
2. Positive trend in an aggregate index measuring comprehension and adoption of IEM approach by targeted communities at all Project sites in 5 years;
3. Number of technologies and innovative IEM mechanisms adopted by Project site communities equals 2 at each Project site in 5 years;
4. Number of functional inter-village councils for sub-watershed management issues, as measured by point system defined in the PIM equals 4 in 5 years;
5. Degree of completion for the sub-watershed IEM plan as measured by point system defined in PIM equals 18 for the 4 Project sites; and
6. Number of new global partnership supporting IEM or carbon sequestration activities equals 2 in 5 years.