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**GRANT NUMBER H513-GW**

# **Financing Agreement**

**(Rural Community-Driven Development Project)**

**between**

**REPUBLIC OF GUINEA-BISSAU**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated October 8, 2009**

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**GRANT NUMBER H513-GW**

**FINANCING AGREEMENT**

AGREEMENT dated October 8, 2009, entered into between REPUBLIC OF GUINEA-BISSAU (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

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

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to Three Million Three Hundred Thousand Special Drawing Rights (SDR 3,300,000) (“Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are 15 April and 15 October in each year.
- 2.05. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

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

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. An Additional Condition of Effectiveness shall be that the Recipient shall have adopted the Project Implementation Manual, in form and substance satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Recipient's Representative is the Minister responsible for economy.

5.02. The Recipient's Address is:

*Ministério do Economia, Plano e Integração Regional*  
Avenida Amilcar Cabral  
C. P. 6  
Bissau  
Guinea-Bissau

Cable:	Telex:	Facsimile:
MEF	257 MEF B1	(245) 3204846

5.03. The Association's Address is:

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

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

AGREED at Dakar, Republic of Senegal, as of the day and year first above written.

**REPUBLIC OF GUINEA-BISSAU**

**By**

**/s/ Fali Embaló  
Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

**/s/ Habib Fetini  
Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to support the Recipient's efforts to increase access to priority basic social and economic infrastructures and services in participating Communities in at least two regions of the Recipient's territory.

The Project consists of the following parts:

#### **Part A: Capacity-building for Local Development**

Developing capacity of institutions at regional, Administrative sectors and Community levels for preparation of Local Development Plans, and Micro-projects, including:

1. Preparing and implementing a communication strategy and action plan to improve the flow and exchange of information, and conducting targeted communication activities to raise awareness, disseminate good practices and keep Communities informed.
2. Supporting Communities to prepare Local Development Plans, including recruiting Regional Advisors and Facilitators.
3. Supporting the preparation, appraisal and implementation of Micro-projects, through the provision of technical assistance.
4. Supporting capacity building at regional and national levels, including the establishment and operation of a local development thematic group to facilitate the sharing of information, knowledge and experience gained under Micro-projects for local development.
5. Carrying out minor office rehabilitation through the implementation of works, acquisition of goods, and motor vehicles, provision of technical advisory services and training, and financing of Operating Costs.

#### **Part B: Local Investment Fund**

Carrying out Micro-projects that are prioritized in the Local Development Plans, through the provision of Sub-grants.

Part C:            Project Coordination and Monitoring and Evaluation

1.        Strengthening the capacity for Project management and coordination, including supporting the Project Coordination Unit within MEPRI to develop the expertise for operational and fiduciary management through the provision of technical advisory services.
  
2.        Supporting the development and implementation of a participatory monitoring and evaluation system, including a management and information system and associated data gathering plan and tools.
  
3.        With respect to the National Steering Committee, building the capacity for Project management, coordination and oversight, through the provision of technical advisory services, training and financing of Operating Costs.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

##### 1. Ministry of Economy, Planning and Regional Integration

The Recipient shall designate MEPRI to be responsible for the implementation of the Project and, to this effect, shall provide MEPRI with the staffing and other resources satisfactory to the Association, required for the purpose of ensuring the prompt and efficient overall coordination, monitoring, reporting, evaluation and communication of Project activities.

##### 2. National Steering Committee

(a) Without limitation upon the provisions of Section A.1, the Recipient shall maintain, at all times until the completion of the Project, a National Steering Committee, with a composition, mandate and resources satisfactory to the Association.

(b) Without limitation to sub-paragraph (a) of this paragraph, the National Steering Committee shall be responsible for overall guidance and strategic advice including, *inter alia*: (i) reviewing and endorsing the Annual Work Plans and Budgets; (ii) reviewing progress made towards achieving the Project objectives; (iii) facilitating the coordination of Project activities among the regions, and making recommendations for removal of any obstacles to the implementation of the Project; and (iv) providing comments on reports and reviews prepared by the Project Coordination Unit for the benefit of the Association.

##### 3. Project Coordination Unit

(a) Without limitation upon the provisions of Part A.1 of this Section, the Recipient shall maintain, at all times until the completion of the Project, a Project Coordination Unit within the MEPRI, with staff, terms of reference, mandate and resources satisfactory to the Association; including, a Project Coordinator, financial management specialist, a senior accountant, a capacity building specialist, a procurement

specialist, a monitoring and evaluation specialist, a part-time rural engineer, and administrative staff; each with qualifications, experience and terms of reference satisfactory to the Association in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

- (b) Without limitation to sub-paragraph (a) of this paragraph, the Project Coordination Unit shall support the MEPRI with the responsibilities for, *inter alia*: (i) reviewing and consolidating the Annual Work Plans and Budgets, and ensuring their consistency with the Project Implementation Manual; (ii) reviewing, on the basis of the appraisal of the Regional Advisors, the Micro-projects whose cost falls below the threshold specified in the Project Operational Manual; (iii) reviewing progress made towards achieving the Project's objectives; (iv) facilitating the coordination of Project activities among the Communities and Promotion Groups, and making recommendations for removal of any obstacles to the implementation of the Project; and (v) providing comments on reports and reviews prepared by the Regional Advisors and Facilitators for the benefit of the Association.

#### 4. Regional, Administrative Sector and Community Levels

- (a) Without limitation upon the provisions of Part A.1 of this Section, the Recipient shall maintain, at all times until the completion of the Project, Regional Advisors at the Regional Planning Offices (*Gabinete de Planificação Regional*), and Facilitators at the Administrative Sector levels, both with terms of reference and mandate satisfactory to the Association.
- (b) Without limitation to sub-paragraph (a) of this paragraph: (i) the Regional Advisors shall, *inter alia*, build the capacity of institutions in the respective Regions, train and supervise the Facilitators, coordinate the project building activities in the region, oversee the design and appraisal of the Micro-projects, monitor the Sub-grant Agreements, and produce progress reports for the Project activities at the Regional and Community levels; (ii) the Facilitators shall, *inter alia*, mobilize Communities for the participatory planning phase, conduct participatory planning with the Communities, liaise with authorities at the Administrative Sector level and Regional level, support the Promotion Groups in design and implementation of Micro-projects and support Community Management Committees in implementation of the respective Local Development Plans.

**B. Implementation Arrangements**

1. **Project Implementation Manual.** The Recipient shall carry out the Project in accordance with the arrangements and procedures set out in the Project Implementation Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association 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 Association, materially or adversely affect the implementation of the Project.

2. **Sub-grants for Micro-projects**

- (a) **General**

Without limitation upon the provisions of Section 1.A of this Schedule, the Recipient shall appraise, approve and monitor Micro-projects and administer the Sub-grants in accordance with the provisions and procedures set forth or referred to in this paragraph 2 and in more detail in the Project Operational Manual; provided, however, that in case of any conflict between the provisions of said Project Operational Manual and of this Agreement, the provisions of this Agreement shall prevail.

- (b) **Eligibility Criteria for Micro-projects**

No proposed Micro-project shall be eligible for financing under a Sub-grant out of the proceeds of the Financing unless the Recipient, through the Project Coordination Unit has determined, on the basis of an appraisal conducted in accordance with this sub-paragraph and the guidelines set forth in the Project Operational Manual, that the proposed Micro-project satisfies the eligibility criteria specified below and set forth or referred to in more detail in the Project Operational Manual, which shall include, *inter alia*, the following:

- (i) The proposed Micro-project activity shall fall within the areas identified and included in the Local Development Plans, and more specifically detailed in the Project Operational Manual, and shall exclude any activities and expenditures specified as ineligible in the Project Operational Manual;

- (ii) the proposed Micro-project shall be initiated by a Community;
- (iii) the Beneficiary shall be identified in accordance with the guidelines set forth in the Project Operational Manual; and
- (iv) the Beneficiary has adequate financial management and procurement capacity to implement the proposed Micro-project in compliance with the guidelines set forth in the Project Operational Manual.

(c) **Approval of certain Micro-projects by Project Coordination Unit**

Any Micro-project which exceeds the threshold specified in the Project Operational Manual, shall require the approval of the Project Coordination Unit, in accordance with sub-paragraph (b) of this paragraph.

(d) **Terms and Conditions of Sub-grants**

A Micro-project shall be carried out pursuant to a Sub-grant Agreement, to be concluded between MEPRI and the respective Community through the Community Management Committee, under terms and conditions described or referred to in more detail in the Project Operational Manual and in form and substance satisfactory to the Association, which, *inter alia*, shall include the following:

- (i) the description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring and reporting on the implementation of the Micro-project;
- (ii) the obligation of the Beneficiary to contribute, in cash and/or in-kind, a minimum percentage of the projected Micro-project cost as specified in the Project Operational Manual;
- (iii) the modalities of transfer of funds to the Beneficiary for the financing of the Micro-project;
- (iv) the obligation of the Beneficiary to: (A) carry out the Micro-project with due diligence and efficiency and in accordance with sound technical, engineering, environmental, financial, and

managerial practices; (B) carry out Micro-project in accordance with the Anti-Corruption Guidelines, ESMPs and RAPs; and (C) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Micro-project;

- (v) the obligation of the Beneficiary to refund any Sub-grant, if it is determined by the Association that such Sub-grant has been used for ineligible expenditures;
- (vi) the requirement that the goods, works and consultants' services to be financed from the proceeds of the Sub-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
- (vii) the right of the MEPRI through the Project Coordination Unit, to:
  - (i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Micro-project, the operations thereof and any relevant records and documents; (ii) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of Micro-projects; and (iii) suspend or terminate the right of any Beneficiary to use the proceeds of the Sub-grant upon failure by the Beneficiary to perform any of its obligations under the Sub-grant Agreement.

(e) **Administration of Sub-grant Agreements**

The Project Coordination Unit shall, on behalf of MEPRI exercise the Recipient's rights under the respective Sub-grant Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Project, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-grant Agreement or any substantial provision thereof without the prior written approval of the Association.

**C. Anti-Corruption**

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

**D Environmental and Social Safeguards**

1. The Recipient shall carry out the Project in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the ESMF, and the RPF. To this end, in cases of any Micro-project requiring the adoption of an ESMP and RAP, the Recipient shall:
  - (a) prepare, disclose and implement ESMPs (including pest management plans) in accordance with the ESMF and in form and substance acceptable to the Association, defining: (i) the measures to be taken during the implementation of the Micro-projects to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels; and (ii) the actions needed to implement these measures; and
  - (b) prepare, disclose and implement RAPs in accordance with the RPF and in form and substance acceptable to the Association, defining a program of actions, measures and policies for compensation and resettlement of Displaced Persons, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the RAPs.
2. The Recipient shall not amend or waive, or permit to be waived, the ESMF, RPF, RAPs, the ESMPs, or any provision of any one thereof, without the prior written consent of the Association.
3. The Recipient shall ensure that all measures for carrying out the recommendations of the ESMF, RPF, RAPs and ESMPs are taken in a timely manner.
4. Without limitation upon its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Recipient shall:
  - (a) include in the Project Reports referred to in Section II.A of this Schedule adequate information on monitoring the measures defined in the ESMF, ESMPs, RPF and RAPs, giving details of:

- (i) measures taken in furtherance of such ESMF, EMPs, RPF and RAPs;
- (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, EMPs, RPF and RAPs; and
- (iii) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such ESMF, EMPs, RPF and RAPs.

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

### **A. Project Reports**

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of six calendar months, and shall be furnished to the Association not later than one 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) percentage of Micro-projects attaining at least 50% of their target for increased access to the relevant social-economic infrastructure/service, as defined in the approved Micro-project proposal;
  - (ii) number of people in Project areas with access to an improved water source;
  - (iii) number of students in Project areas enrolled in primary education;
  - (iv) number of people receiving a basic package of health, nutrition, or population services; and

(v) number of people with access to an all-season road.

2. For the purpose of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than the date twenty four (24) months after the Effective Date.

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

1. The Recipient shall maintain or cause to be maintained an acceptable financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall ensure that interim unaudited financial reports (IFR) for the Project are prepared and furnished to the Association not later than 45 days after the end of each calendar quarter, covering the quarter. The first IFR shall be furnished to the Association not later than 30 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. The IFR will be prepared in form and substance satisfactory to the Association, 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 the use of funds by activity/component, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year of the Recipient, commencing with the Fiscal Year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

### **Section III. Procurement**

#### **A. General**

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

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding (ICB).
2. **Other Methods of Procurement of Goods and Works.** The following methods of procurement, other than International Competitive Bidding, may be used for goods and works under the circumstances specified in the Procurement Plan for each such method: (a) National Competitive Bidding; (b) Shopping; (c) Direct contracting; and (d) established procedures for community participation in procurement in accordance with Section 3.17 of the Procurement Guidelines, as detailed in the Project Operational Manual.

**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 of procurement, other than Quality- and Cost-based Selection, may be used for consultants' services under the circumstances specified in the Procurement Plan for each such method: (a) Quality Based Selection; (b) Least Cost Selection; (c) Selection Based on Consultants' Qualifications; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (e) Single Source Selection; and (f) Sole Source Procedures for the Selection of Individual Consultants.

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

1. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank Prior Review.
2. All other contracts shall be subject to Post Review by the Association.

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

**A. General**

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

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Goods, Works, Consultants' services, Training and Operating Costs	1,380,000	100%
(2) Goods, works and services for Sub-grants for Micro-projects under Part B of the Project	1,590,000	100% of amount of Sub-grant disbursed
(3) Refund of Project Preparation Advance	330,000	Amount payable pursuant to Section 2.07 of the General Conditions
<b>TOTAL AMOUNT</b>	<b>3,300,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A.1 of this Section no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement; or
  - (b) for Eligible Expenditures for any Sub-grant under Category (2), until the Association has confirmed, with respect to the first five (5) Sub-grants Agreements entered into, that each Sub-grant thereunder has been provided in accordance with the procedures, and on the terms and conditions set forth or referred to in Section I.B.2 of Schedule 2 of this Agreement and the Project Operational Manual.
2. The Closing Date is December 31, 2014.

**Section V. Other Undertakings**

- A. Appointment of Financial Auditors** The Recipient shall not later than four months after the Effective Date, appoint the independent auditors referred to in

Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section III of this Schedule.

**APPENDIX****Section I. Definitions**

1. “Administrative Sector” means an administrative and political subdivision of the Recipient’s territory.
2. “Administrative and Accounting Manual of Procedures” means a sub-set of the Project Implementation Manual, in form and substance satisfactory to the Association, containing detailed procedures for the Project on accounting and financial management, including with respect to: (i) the institutional arrangements and the relationship between all the stakeholders of the Project; (ii) the planning and budgeting arrangements; (iii) the treasury procedures; (iv) the procurement procedures; and (v) the reporting formats and arrangements.
3. “Annual Work Plan and Budget” means the work plan and budget for the Project prepared annually, and consolidated by the Project Coordination Unit in accordance with Section I.B.2 of Schedule 2 to this Agreement.
4. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
5. “Beneficiary” means a Community which meets the criteria specified in the Project Operational Manual, and which is a recipient of a Sub-grant.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “Community” means a *tabanca* or an organized group of *tabancas*.
8. “Community Management Committee” means a *Comité de gestão*, selected by a Community and charged with the responsibility for management of Sub-grants on behalf of the Community.
9. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.

10. “Displaced Person” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.
11. “ESMF” means the document of the Recipient dated March, 2009 (including the terms of reference for preparation of pest management plans), as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project pursuant to Section I.D.1 of Schedule 2 to this Agreement, and such term includes all schedules and annexes to the ESMF.
12. “ESMP” means an environmental and social management plan (including any pest management plan), acceptable to the Association and consistent with the ESMF, adopted for the purposes of a Micro-project, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under the Micro-project, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies, as such ESMP may be amended from time to time with the prior written agreement of the Association.
13. “Facilitator” means an individual at the Administrative Sector level responsible for general support in implementation of Micro-projects and to facilitate participation of stakeholders at the Community level.
14. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
15. “Local Development Plan” means a time-bound and prioritized plans prepared by the Communities, including the activities proposed for Micro-projects and identifying the strategies for mobilization of resources to implement such Micro-projects.

16. “MEPRI” means the Recipient’s Ministry of Economy, Planning and Regional Integration.
17. “Micro-project” means a set of specific activities prioritized in the Local Development Plan, carried out or to be carried out by a Beneficiary under Part B of the Project and financed or proposed to be financed through the Sub-grant.
18. “National Steering Committee” means the Steering Committee referred to in Section I.A.2 of Schedule 2 to this Agreement.
19. “Operating Costs” means the incremental costs incurred by the Project Coordination Unit, on account of the implementation of the Project, and on the basis of approved Work Plans and Budgets, including operation and maintenance costs for Project vehicles, office supplies, consumables, travel costs and per diems, and accommodation, but excluding salaries of the Recipient’s civil servants.
20. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on May 26, 2008, and on behalf of the Recipient on April 1, 2008.
21. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated August 18, 2009 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.
23. “Project Coordination Unit” means the unit referred to in Section I.A.3 of Schedule 2 to this Agreement.
24. “Project Coordinator” means the coordinator charged with the responsibility of a director for the Project Coordination Unit.
25. “Project Implementation Manual” means the Recipient’s manual in form and substance satisfactory to the Association, including the Project Operational Manual, the Administrative and Accounting Manual, the ESMF and the RPF, and containing or referring to detailed arrangements and procedures for the

implementation of the Project, including with respect to: (i) institutional administration, coordination and day-to-day execution of activities of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, reporting, information, education and communication; and (v) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as such manual may be amended and supplemented from time to time, with the prior written approval of the Association, and such term includes all schedules and annexes to said manual.

26. “Project Operational Manual” means a sub-set of the Project Implementation Manual, in form and substance satisfactory to the Association, referring to detailed arrangement and procedures for identification, appraisal, approval, management, implementation, monitoring and evaluation, and reporting of Micro-projects, as such manual may be amended and supplemented from time to time, with the prior written approval of the Association, and such terms includes all scheduled and annexes to said manual.
27. “Promotion Group” means *Grupo Promotor*, comprised of Community members held out as having a special knowledge, or interest in an activity under a Micro-project, and charged with the responsibility for guiding the implementation of the Micro-project on behalf of the Community.
28. “Regional Advisor” means a Project staff housed within a Regional Government office having experience in Community development, and charged with the responsibility to guide the execution of the Micro-projects at the regional level and provide training to Facilitators and stakeholders.
29. “RAP” means the plan referred to in Section I.D.1 (b) of Schedule 2 to this Agreement; and “RAPs” means, collectively, each such RAP.
30. “RPF” means the Resettlement Policy Framework of the Recipient dated March 2009, as the said framework may be amended and/or supplemented from time to time with the prior concurrence of the Association, setting forth the modalities for resettlement and compensation of Displaced Persons under the Project and referred to in Section I.D.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Association.
31. “Sub-grant” means a grant made or proposed to be made out of the proceeds of the Financing to a Beneficiary, for the purpose of financing a Micro-project in accordance with the provisions of Section I.B.2 of Schedule 2 to this Agreement.

32. “Sub-grant Agreement” means an agreement entered into, or to be entered into, between the MEPRI, and a Community Management Committee on behalf of a Beneficiary, for the purpose of extending a Sub-grant to such Beneficiary on the terms and conditions set forth or referred to in Section I.B.2 (d) of Schedule 2 to this Agreement.
33. “Training” means the costs associated with the training and workshops, based on annual plans and budgets approved by the Association pursuant to Section III.D.1 of Schedule 2 to this Agreement, including travel and subsistence costs for training and workshops participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:
  - (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“Preparation Advance” means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”