

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF051428

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

**Local Empowerment and Environmental Management Project**

between

**FEDERAL REPUBLIC of NIGERIA**

and

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

Acting as an Implementing Agency of the

**Global Environment Facility**

**Dated December 3, 2003**

**CONFORMED COPY**

**GEF TRUST FUND GRANT NUMBER TF051428**

# **GLOBAL ENVIRONMENT FACILITY TRUST FUND**

## **GRANT AGREEMENT**

AGREEMENT, dated December 3, 2003, between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF and the Federal Republic of Nigeria (the Recipient).

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

(B) following the restructuring of the GEF, such arrangements 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);

(C) the second replenishment of the GEF Trust Fund was approved on the basis set forth in Resolution No. 98-2 of July 14, 1998, of the Executive Directors of the Bank (Resolution No. 98-2);

(D) the Federal Republic of Nigeria 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 Part C of 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 94-2, and to be funded from contributions to the GEF Trust Fund under Resolution No. 98-2, which may include funds carried over from the first replenishment of the GEF Trust Fund under Resolution No. 94-2;

(E) the Federal Republic of Nigeria and the International Development Association shall by an agreement of even date herewith (the IDA Credit Agreement), in an aggregate amount equivalent to SDR 52.8 million (as of the date hereof) to assist in financing part of Parts A, B, D and E of the Project on terms and conditions set forth in the IDA Credit Agreement; 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 1**

### **General Conditions; Definitions**

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

- (i) Article I;
- (ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (16), (18), (19) and (20); Sections 2.02 and 2.03;
- (iii) Section 3.01;
- (iv) Section 4.01 and the first sentence of Section 4.09;
- (v) Article V;
- (vi) Sections 6.01, 6.02 (a), (c), (d), (e), (g), (i), (j), (k), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;
- (vii) Section 8.01 (b);
- (viii) Sections 9.01 (a), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
- (ix) Sections 10.01, 10.03 and 10.04;
- (x) Article XI; and

- (xi) Sections 12.01 (c), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
  - (i) a new paragraph shall be added to the end of Section 2.01 to read as follows: "the term "Special Drawing Rights" and the symbol "SDR" mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement";
  - (ii) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term "Bank" shall also include the Bank acting in its own capacity;
  - (iii) the term "Borrower", wherever used in the General Conditions, means the Recipient;
  - (iv) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement;
  - (v) the term "Loan" and "loan", wherever used in the General Conditions, means the GEF Trust Fund Grant;
  - (vi) the term "Loan Account", wherever used in the General Conditions, means the GEF Trust Fund Grant Account; and
  - (vii) a new subparagraph (q) is added after subparagraph (p) in Section 6.02 of the General Conditions, as follows: "an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF".

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

- (a) "Additional Protected Areas" means a natural ecosystem defined as protected area by applicable laws and regulations of the Federal Republic of Nigeria and referred to in Schedule 4 Paragraph 1 (f) to this Agreement;

(b) “CDP” means a Community Development Plan to be prepared by an Eligible Community hereinafter defined and referred to in Part A.1 and 2 of Schedule 2 to this Agreement;

(c) “Conservation Outreach Center” and “Eco-Center” means an area located in selected Protected Areas and/or Support Zones, hereinafter defined, established for the purpose of developing and disseminating good biological diversity practices and referred to in Part C.4 (a) of Schedule 2 to this Agreement, and Conservation Outreach Centers and Eco-Centers mean more than one Conservation Outreach Center or Eco-Center;

(d) “CPMC” means a Community Micro-project Management Committee to be established in each Eligible Community pursuant to rules and procedures set forth in the PIM, as hereinafter defined, and referred to in Schedule 4;

(e) “Eligible Categories” means Categories (1), (2), (3), (4), (5), (6) and (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(f) “Eligible Community” means a community which fulfill eligibility criteria pursuant to the terms of the PIM and referred to in paragraph 1 (a) (iii), and 1 (c) and paragraph 3 (b) of Schedule 4 to this Agreement, and the term Eligible Communities means more than one Eligible Community;

(g) “Eligible Expenditures” means, in respect of the Special Account, the expenditures for works, goods, services, Micro-projects, as hereinafter described, and SLBCOF, as hereinafter defined, referred to in Section 2.02 (a) of this Agreement and to be financed out of the proceeds of the Grant allocated from time to time to said Special Account’s respective Eligible Categories;

(h) “ESMF” and “Environmental and Social Management Framework” mean the Borrower’s environmental and social management framework adopted on February 2, 2002 and defining the set of mitigation, enhancement, monitoring, and institutional measures that have been identified to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts;

(i) “FMEnv” means the Federal Ministry of Environment established pursuant to the Borrower’s Executive Order of June 17, 1999 and the Presidential Directive 221 of October 12, 1999 and any successor thereto;

(j) “FMS” means the Financial Management System referred to in Article 6.01 (b) of this Agreement;

(k) “LGA” means a Local Government Authority, established and operating pursuant to the Borrower’s Constitution dated May 29, 1999, in the territory of which the Project is to be carried out;

(l) “FMR” means the Financial Monitoring Report which shall be prepared in accordance with the provisions of Section 4.02 of this Agreement;

(m) “Micro-project” means a development activity or set of activities to be carried out by an Eligible Community in a Support Zone hereinafter defined under Part C.3 (b) of the Project, and referred to in paragraphs 1 (e) and 3 (a) through (e) of Schedule 4 to this Agreement;

(n) “Micro-project Agreement” means an agreement to be entered into by the Recipient and an Eligible Community to carry out a Micro-project and referred to in Paragraph 1 (e) of Schedule 4 to this Agreement;

(o) “MIT” means a Multi-disciplinary Implementation Team to be established by SPSUs, as hereinafter defined, in each Participating States and referred to in Part E.1 of Schedule 2 to this Agreement, and MITs and Multi-disciplinary Implementation Teams mean more than one MIT;

(p) “MoU” means a Memorandum of Understanding referred to in Sections 3.01 (b) (ii) and 6.01 (c) of this Agreement, and “MoUs” means more than one MoU;

(q) “NPS” and “National Parks Service” mean the Recipient’s government office in charge of the management of Protected Areas and their biological diversity wealth and established under the Borrower’s Decree No. 46 of May 26, 1999;

(r) “Participating NGO” means a Non Governmental Organization selected by the NPS and referred to Schedule 4 (1) (f) to this Agreement;

(s) “Project Implementation Manual” or “PIM” means the manual to be adopted pursuant to Section 6.01 (b) and referred to in Paragraph 1 (a) of Schedule 4 to this Agreement;

(t) “Protected Areas” means the Borrower’s Yankari National Park, Kainji Lake National Park, Lame Burra Game Reserve, Maladumba Lake and Forest Reserve;

(u) “SLBCOF” means the Sustainable Livelihood, Biological Conservation and Outreach Fund referred to in Paragraph 2 (d) (iii) of Schedule 1, Part C.3 (c) of Schedule 2, and Paragraph 1 (g) of Schedule 4 to this Agreement;

(v) “Special Account” means the account referred to in Part B of Schedule 1 to this Agreement;

(w) “SPSU” means a State Program Support Unit to be established and maintained by each Participating State with responsibility for oversight of the Project implementation at State level; and

(x) “Support Zone” means an area surrounding any Protected Area or Additional Protected Area in which are established Eligible Communities.

## ARTICLE II

### **The GEF Trust Fund Grant**

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount in various currencies equivalent to eight million US dollars (US\$8,000,000).

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 (B) to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of (i) the reasonable cost of goods, works and services required for Part C of the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the GEF Trust Fund Grant; (ii) amounts paid (or, if the Bank shall so agree, amounts to be paid) by the Recipient under Part C.3 (b) of the Project to meet the reasonable cost of works, goods and services required for a Micro-project in respect of which the withdrawal from the GEF Trust Fund Grant is requested; and (iii) the financing of the SLBCOF under Part C.3 (c) of the Project.

(b) The Recipient may, for the purposes of Part C of the Project, open and maintain in dollars a separate special deposit account (the Special Account) in a commercial bank, acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 1 (B) to this Agreement.

Section 2.03. The Closing Date shall be June 30, 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 Part C of the Project through the NPS with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering practices and with due regard to 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 Bank and the Recipient shall otherwise agree, the Recipient shall:

- (i) carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement and the provisions of the Project Implementation Manual; and
- (ii) enter into a Memorandum of Understanding with each of the State of Bauchi and the State of Niger for the purpose of defining the modalities and procedures of the cooperation during the implementation of activities under Part C of the Project in the Protected Areas and Support Zones.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for Part C of 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 9.08 of the General Conditions and without limitation thereto, the Recipient shall:

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

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

#### **ARTICLE IV**



## Financial Covenants

Section 4.01. (a) The Recipient shall maintain a financial management system, including records and accounts, and prepare financial statements, in a format, acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to Part C of the Project.

(b) The Recipient shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year: (A) certified copies of the financial statements referred to in paragraph (a) above for such year as so audited; and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning such records, accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request.

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

- (i) maintain, or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing

such expenditures;

- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure or Project Management reports submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in 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 Part C of 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 the implementation of Part C of the Project, 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 Part C of 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 (k) of the General Conditions, the following additional events are specified:

(a) The Recipient shall have abrogated or modified the legal status of the Protected Areas, or taken any action, including the enactment or issuance of laws or regulations, which, in the opinion of the Bank, may adversely affect, prevent, or interfere with, the carrying out of Part C of the Project or the performance by the Recipient of any of its obligations under this Agreement;

(b) The Recipient shall have failed to afford a reasonable opportunity for representatives of the Bank to visit any part of their territory for purposes related to the Project, and

(c) NPS and any of the State of Bauchi or the State of Niger shall have failed to perform their obligations under the respective Memorandum of Understanding.

## **ARTICLE VI**

### **Effectiveness; Termination**

Section 6.01. The following events are specified as additional conditions to the effectiveness of the GEF Grant Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely that the Recipient:

(a) has adopted a Project Implementation Manual, including an addendum to the NPS Accounting Manual, in form and substance satisfactory to the Bank;

(b) has appointed the auditors referred to in Section 4.01 (a) in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(c) has entered into MoUs with the State of Bauchi and the State of Niger in accordance with Article 3.01 (b) (ii) satisfactory to the Bank; and

(d) All conditions precedent to the effectiveness of the IDA Development Credit Agreement, other than those related to the effectiveness this Agreement, have been fulfilled.

Section 6.02. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

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

## ARTICLE VII

### Representative of the Recipient; Addresses

Section 7.01. The federal Ministry of Finance 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:

The Honorable Minister  
Federal Ministry of Finance  
Ahmadu Bello Way  
Abuja, Nigeria

Cable address:

FEDMINFIN  
Abuja

For the Bank:

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

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

Facsimile

(202) 477 6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Abuja, Federal Republic of Nigeria as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By /s/ Ngozi Okonjo-Iweala

Authorized Representative

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

By /s/ Mark D. Tomlinson

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>	<u>Amount of the GEF Trust Fund Grant Allocated (Expressed in US\$ Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1)	Consultants' services and audits	1,100,000	90%
(2)	Goods	850,000	100% of foreign expenditures, and 80% of local expenditures
(3)	Civil Works	1,200,000	100% of foreign expenditures, and 80% of local expenditures
(4)	Training and Workshops	550,000	100%
(5)	Micro-projects Fund	1,850,000	100% of amounts disbursed
(6)	SLBCOF	550,000	100%
(7)	Incremental Operating Costs	750,000	80%
(8)	Unallocated	1,150,000	

TOTAL	<u>8,000,000</u> =====
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2. For the purposes of this Schedule:

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

(b) the term "local expenditures" means expenditures in the currency of the Recipient for goods, works and services supplied from the territory of the Recipient, and Incremental Operating Costs;

(c) the term "Incremental Operating Costs" means the incremental operating costs incurred under Part C of the Project on account of: (i) operating costs for the maintenance of equipment, (ii) travel costs and allowances to Project staff, (iii) office rent, supplies and utilities and (iv) other costs directly related to the administration of Part C of the Project which expenditures would not have been incurred absent the Project excluding salaries for the Borrower's civil servants;

(d) Notwithstanding the provisions of paragraph 1 above, no withdrawal shall be made in respect of payments made for: (i) expenditures prior to the date of this Agreement; (ii) payments under category (5) until a draft Micro-project Agreement is prepared satisfactory to the Bank; and (iii) payments under category (6) until the SLCBOF has been established under terms of reference and conditions satisfactory to the Bank; and

3. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures for: (a) goods under contract costing less than \$150,000 equivalent; (b) works under contract costing less than \$500,000, (c) services provided by consulting firms under contract costing less than \$100,000 equivalent; (d) services provided by individual consultants under contract costing less than \$50,000 equivalent; (e) training, workshops, SLCBOF, Micro-projects and Incremental Operating Costs, all under such terms and conditions as the Bank shall specify by notice to the Recipient;

B. Special Account

1. The Borrower shall open and maintain in dollars a separate special deposit accounts (the Special Account) in a commercial bank, on terms and conditions



satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.

2. After the Bank has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into said Special Account shall be made as follows:

(a) until the Bank shall have received: (i) the first Financial Monitoring Report referred to in Section 4.02 (b) of this Agreement; and (ii) a request from the Borrower for withdrawal on the basis of Financial Monitoring Reports, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) upon receipt by the Bank of a Financial Monitoring Report pursuant to Section 4.02 (b) of this Agreement, accompanied by a request from the Borrower for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the Special Account, the Borrower 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.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into any Special Account:

(a) if the Bank determines at any time that any Financial Monitoring Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

(b) if the Bank determines at any time that all further withdrawals should be made by the Borrower directly from the GEF Trust Fund Grant Account; or

(c) if the Borrower 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 (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Financial Monitoring Reports.

5. The Bank shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower 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 Borrower of its determination.

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

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

(d) Refunds to the Bank made pursuant to sub-paragraph (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 GEF Trust Fund Grant Agreement.

**Annex A**  
**to**  
**SCHEDULE 1**  
**Operation of the Special Account**  
**When Withdrawals Are Not Made**  
**On the Basis of Financial Monitoring Reports**

1. For the purposes of this Annex, the term “Authorized Allocation” means an amount equivalent to \$500,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into said Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Bank shall otherwise agree, said Authorized Allocation shall be limited to an amount equivalent to \$250,000 until the aggregate amount of withdrawals from the GEF Trust Fund Grant Account of amounts allocated to said Special Account’s Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall equal or exceed the equivalent of US\$2,000,000.

2. Withdrawals of an Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Special Account’s Authorized Allocation, the Borrower 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 said Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Borrower shall have requested.

(b) For replenishment of the Special Account, the Borrower 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 Borrower shall furnish to the Bank the documents and other evidence required pursuant to Part B.3 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 Borrower, withdraw from the GEF Trust Fund Grant Account and deposit into said Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of 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 Special Account’s Eligible Categories.

3. The Bank shall not be required to make further deposits into a Special Account, once the total unwithdrawn amount of the Credit allocated to the Special Account's Eligible Categories minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions in respect of expenditures to be financed out of the proceeds of the Credit allocated to said Categories, shall equal the equivalent of twice the amount of the Special Account's Authorized Allocation. Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the Credit allocated to said Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. 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 Made  
On the Basis of Financial Monitoring Reports**

1. Except as the Bank may otherwise specify by notice to the Borrower, all 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 Special Account's Eligible Categories.
2. Each application for withdrawal from the GEF Trust Fund Grant Account for deposit into the Special Account shall be supported by a Financial Monitoring Report.
3. Upon receipt of each application for withdrawal of an amount of the Credit, the Bank shall, on behalf of the Borrower, 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 Financial Monitoring Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Financial Monitoring Report to be remaining in the Special Account, shall not exceed the equivalent of \$800,000.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower to: (a) strengthen the institutional framework, at federal, state and local government levels, to support environmentally sustainable and socially inclusive development; (b) assist Eligible Communities in the Participating States to plan, co-finance, implement, operate and maintain environmentally sustainable and socially inclusive multi-sectoral Micro-projects; and (c) to promote and implement an integrated approach to the sustainable use and conservation of biological diversity resources in the Protected Areas and assist Eligible Communities within Support Zones around targeted Protected Areas to plan, co-finance, implement, operate and maintain environmentally sustainable and socially inclusive alternative livelihood Micro-projects.

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

Part A:            Multi-sectoral community-driven investments

1. Carrying out training programs for CPMCs and other Eligible Community members to provide them with information and knowledge on: (a) the preparation and implementation of CDPs and (b) the eligibility criteria, procedures and rules related to Micro-projects financing, implementation and management; and
2. Identification, design, appraisal, financing and implementation and supervision of Micro-projects prioritized within CDPs by Eligible Communities consistent with the PIM.

Part B:            Local Government Assessment and Capacity Building

1. Carrying out an assessment of rural LGA capacity and preparation of updates of said assessment after three and five years of the effective date of the Project;
2. Provision of training to rural LGA officials and staff in, *inter alia*, environmental management, social management, local administration and financial management; and
3. Provision of training to staff of State and Local Government Affairs Office at the Federal level in, *inter alia*, project management monitoring, training development on local governance and administration.

Part C: Protected Areas and Biological Diversity Management

1. Protected Areas Management Improvement

(a) Carrying out of comprehensive ecological, bio-physical, geological, demographic and socio-economic surveys of Protected Areas and their support zones to establish baseline data; and

(b) Preparation of a strategy for the management and sustainable development of biological diversity through studies and workshops in a participatory manner with local communities, private sectors and Participating NGOs.

2. Institutional Strengthening

(a) Development of the NPS's capacity to monitor and track species, their movements and the health and viability of ecosystems through the provision of vehicles, training and equipment;

(b) Carrying out of an assessment of the current policy and regulatory framework relating to protected area management in relation to international good practices through the provision of training, study tours and technical advisory services;

(c) Rehabilitation of infrastructure such as roads, culverts, bridges and watering points for wildlife within the Protected Areas; and

(d) Training of Federal, State and NPS's staff in, *inter alia*, matters of policy and management of biological diversity conservation.

3. Sustainable Livelihoods for Communities Within Relevant Support Zones

(a) Identification and preparation of appropriate sustainable livelihood plans in consultation with local communities;

(b) Implementation of Micro-projects by Eligible Communities to establish a sustainable livelihood; and

(c) Establishment of a Sustainable Livelihood, Biodiversity Conservation and Outreach Fund.

4. Conservation Outreach

(a) Construction and equipment of Conservation Outreach Centers or “Eco-Centers” in the support zone of each of the Protected Areas;

(b) Preparation and implementation of biodiversity conservation awareness programs through technical assistance and training; and

(c) Preparation and implementation of activities to promote sustainable livelihoods in the support zones of Protected Areas.

5. Management of Part C of the Project

Strengthening of the Recipient’s capacity to implement and coordinate all activities under Part C of the Project through provision of technical assistance to facilitate their implementation, monitoring and evaluation.

Part D: Strengthening the Environmental Institutional Framework

1. Harmonization of current laws and regulations related to environmental protection and natural resources management and conservation through the provision of technical advisory services to the FMEnv;

2. Strengthening State level capacity for environmental review and monitoring including, *inter alia*, the development of State environmental impact assessment manuals, guidelines and project specific monitoring requirements through the provision of technical advisory services and training; and

3. Provision of training in, *inter alia*, environmental assessment and management to the Project staff and State and LGA officials and staff.

Part E: Project Management and Monitoring

1. Strengthening the Borrower’s capacity to implement and coordinate all the Project’s activities under Parts A, B, D and E, including assistance to (a) the FMEnv to maintain the FPSU, (b) States to maintain SPSUs and (c) SPSUs to establish and maintain MITs, through the provision of technical advisory services;

2. Establishment and maintenance of a FMS and a coordinated management information system in the FMEnv and State level;



3. Strengthening of the Borrower's capacity to coordinate and monitor the implementation of Parts A, B, D and E of the Project, coordinate Participating States' reports consistent with the PIM, and facilitate external auditing and monitoring of the Project; and

4. Preparation and implementation of information, communication and education activities to increase public awareness regarding all aspects of the implementation of Parts A, B, D and E of the Project including, *inter alia*, environmental protection and natural resources conservation.

\* \* \*

The Project is expected to be completed by December 31, 2008.

### **SCHEDULE 3**

#### **Procurement**

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 and in September 1997 and January 1999 (the Guidelines) and the following provisions of this Section.

Part B:        International Competitive Bidding

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

(a)      Grouping of Contracts

To the extent practicable, contracts shall be grouped in bid packages estimated to cost \$500,000 equivalent or more for works, and \$150,000 for goods equivalent or more each.

(b)      Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Works estimated to cost less than \$500,000 per contract, up to an aggregate amount not to exceed \$1,160,000, and Goods estimated to cost less than \$150,000 per contract, up to an aggregate amount not to exceed \$300,000 may be procured in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National or International Shopping

Goods estimated to cost less than \$30,000 equivalent per contract up to an aggregate amount not to exceed \$200,000 may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement of Small Works

Works estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 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.

4. Community Participation

Goods, works and services required for Part C.3 (b) of the Project may be procured in accordance with procedures acceptable to the Bank and specified in the Project Procurement Manual referred to in paragraph 1. (a) (vi) of Schedule 4 to this Agreement.

Part D:            Review by the Bank of Procurement Decisions

1.        Procurement Planning

Prior to the issuance of any invitations 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 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 (i) each contract for works estimated to cost more than \$500,000 equivalent or more, (ii) each contract for the procurement of goods estimated to cost \$150,000 or more equivalent per contract, (iii) the first two contracts for the procurement of goods and works awarded under Part C.1 of this Schedule, (iv) the first contract for the procurement of goods estimated to cost less than \$30,000 equivalent to be awarded under Part C.2 of this Schedule, (v) the first contract for the procurement of small works under Part C.3 of this Schedule, and (vi) the first contract package of the first Eligible Community procured under Part C.4 of this Schedule, procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3.        Post Review

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

Section II.        Employment of Consultants

Part A:            General

Consultants' services shall be procured in accordance with the provisions of the Introduction, Section 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 this Section.

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 short list of consultants for services estimated to cost less than \$200,000 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. Selection Based on Consultants' Qualifications

Services estimated to cost less than \$100,000 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.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.01 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

3. Single Source Selection

Services to implement activities under Part C.1 (a) and C.3 (a) of the Project 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

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 each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 equivalent or more, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost \$50,000 equivalent or more, the procedure set forth in paragraph 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) with respect to all contracts for the employment of consulting firms or individual consultants, the terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Guidelines shall also apply to such contracts.

(d) with respect to any training outside the territory of the Borrower, the procedures set forth in paragraph 1, 2 (other than subparagraph 2 (a)) and 5 of Appendix 1 to the Consultant 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 Consultant Guidelines shall apply.

## SCHEDULE 4

### Implementation Program

1. In respect of Part C of the Project, the Recipient shall, in accordance with the terms, conditions and timetable set forth in the PIM:

(a) implement the Project or cause the Project to be implemented in accordance with the Project Implementation Manual referred to in Article 6.01 (a) which shall define, *inter alia*, the following items: (i) description of the Project activities, (ii) institutional arrangements for project implementation, including: (A) a list of Participating States; and (B) description of the status of implementing units, their staff, resources, roles, responsibilities and functions in the project implementation and their relationships to the FMEnv and State's governments; (iii) eligibility criteria for communities; rules and procedures applicable to the preparation, implementation, monitoring and evaluation of all the activities of the Project, including the preparation, approval, financing, implementation, monitoring and maintenance of Micro-projects which shall include, *inter alia*, those rules and procedures defined in paragraph 3 hereunder; (iv) environmental, social and resettlement guidelines, rules and procedures defined in the ESMF and to be followed and implemented during the execution of the Project, including for Micro-projects; (v) Project implementation plan, including a detailed first-year work plan detailing timeline of key activities and procurement plan, and methodology and procedures for the preparation of detailed work plans for the following years; (vi) Project Procurement Manual defining rules and procedures to be used for the procurement of goods, works and services including standard bidding documents; (vii) Financial Procedure Manual for Part A, B, D and E of the Project and an addendum to the NPS' Accounting Manual for Part C of the Project; (viii) performance indicators for all components; (ix) reporting modalities and disclosure of information; (x) outline terms of reference for all major consultancies to be financed under the Project; and (xi) Annex on the specific implementation arrangements for Part C of the Project.

(b) not amend or waive, except as the Bank shall otherwise agree, any provision of the PIM if such amendment or waiver may, in the opinion of the Bank, materially or adversely affect the implementation of the Project;

(c) establish a joint committee with representatives of SPSU, NPS, Participating NGOs and Eligible Communities to coordinate the financing of Micro-projects in Support Zones;

(d) define a list of Eligible Communities to implement Micro-projects under Part C.3 (b) of the Project;

(e) prepare draft Micro-project Agreement to be entered into between the Recipient and Eligible Communities to implement a Micro-project, satisfactory to the Bank;

(f) contract specialized NGOs, under terms of reference satisfactory to the Bank, to develop and implement Micro-projects under Part C of the Project;

(g) establish, not later than December 31, 2005, and thereafter maintain, all under terms of reference satisfactory to the Bank, the SLBCOF; and

(h) define, not later December 31, 2005, Additional Protected Areas to be supported by the Project.

2. The Recipient shall:

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

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about January 30, 2005, 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 in an action plan the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by May 30, 2005, or such later date as the Bank shall request, the report referred to in subparagraph (b) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank views on the matter.

3. Terms and Conditions Regarding Micro-projects under Part C.3 (b) of the Project.

(a) Micro-projects shall be carried out pursuant to Micro-project Agreements to be entered into between the Recipient and Eligible Communities as defined in the PIM;

(b) the amount of funds allocated for Micro-projects shall not exceed the aggregate amount of \$50,000 per Eligible Community;



(c) Micro-project Agreements shall be consistent with the terms and conditions defined in the PIM;

(d) Micro-project Agreement shall include the following obligations to: (i) carry out the Micro-project in accordance with the PIM with due diligence and efficiency; (ii) maintain adequate record to reflect the operations, resources and expenditures in respect of the Micro-project; (iii) allow the Recipient to inspect by itself, or jointly with the Bank, if the Bank shall so request, the goods, works, sites, and construction included in the Micro-project, the operation thereof, and any relevant records and documents; and (iv) provide information that the Recipient or the Bank may reasonably request regarding the administration, operation and financial condition of the Micro-project; and

(e) the Recipient may suspend or terminate the right of Eligible Community to use the proceeds allocated to any Micro-project upon the failure by the Eligible Community to perform any of its obligations under the relevant Micro-project Agreement.