

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF 050723 GH

Global Environment Facility Trust Fund Grant Agreement

(Northern Savanna Biodiversity Conservation Project)

between

REPUBLIC OF GHANA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated April 2, 2002

GEF TRUST FUND GRANT NUMBER TF 050723 GH

**GLOBAL ENVIRONMENT FACILITY
TRUST FUND GRANT AGREEMENT**

AGREEMENT, dated April 2, 2002, between REPUBLIC OF GHANA (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, 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 Bank has received a letter, dated April 12, 2001, from the Recipient describing a program of actions, objectives and policies designed to achieve sustainable development of forest and wildlife resources and the conservation of biodiversity and the environment (the Program) and declaring the Recipient's commitment to the execution of the Program;

(E) the Recipient, as part of the Program, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 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; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01 (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank for Currency Pool Loans, dated January 1, 1985, (as amended through October 6, 1999) with the modifications set forth in paragraph (b) of this

Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
- (ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (16), (17) and (19), 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), (f), (i) and (k), 6.03, 6.04 and 6.06;
- (vii) Section 8.01 (b);
- (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
- (ix) Sections 10.01, 10.03 and 10.04;
- (x) Article XI; and
- (xi) Sections 12.01 (a) and (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;

- (vii) The second sentence of Section 5.01 is modified to read: “Except as the Bank and the Recipient shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.”; and
- (viii) a new subparagraph is added after subparagraph (k) 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. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth; and the following additional terms have the following meanings:

- (a) “Cedis” means the currency of the Recipient;
- (b) “Development Credit Agreement” means the Agreement dated September 2, 1998 between the Recipient and the Association for the financing of the Natural Resource Management Program, as such agreement may be amended from time to time;
- (c) “Eligible Categories” means Categories 1, 2, 3, and 4 set forth in the table in Part A.1 of Schedule 1 to this Agreement;
- (d) “Eligible Expenditures” means the expenditures for goods, works and services referred to in Section 2.02 of this Agreement;
- (e) “Environmental and Social Mitigation Plan” means the Environmental and Social Mitigation Plan setting out measures to mitigate adverse environmental effects of the implementation of the Project, dated August 2001, as such plan may be amended from time to time by agreement between the Recipient and the Bank;
- (f) “EPA” means the Recipient's Environmental Protection Agency established pursuant to the Environmental Protection Agency Act (Act Number 490 of 1994) of the laws of the Recipient;
- (g) “MEST” means the Recipient’s Ministry of Environment, Science and Technology;
- (h) “MLF” means the Recipient’s Ministry of Lands and Forestry;
- (i) “MLGRD” means the Recipient’s Ministry of Local Government and Rural Development;

- (j) “ME” means the Recipient’s Ministry of Energy;
- (k) “MoF” means the Recipient’s Ministry of Finance;
- (l) “MOFA” means the Recipient’s Ministry of Foods and Agriculture;
- (m) “MOH” means the Recipient’s Ministry of Health;
- (n) “NRMP” means the Natural Resource Management Program implemented by the Recipient under the Development Credit Agreement and supported by Credit No. 3091 GH of the International Development Association and GEF Trust Fund Grant No. TF 20412;
- (o) “NRMPC” means the Natural Resource Management Program Coordination Committee established by the Recipient for purposes of implementation of its Natural Resource Management Program and referred to in paragraph 1 of Schedule 4 to this Agreement;
- (p) “NRMPCU” means the Natural Resource Management Program Coordinating Unit established by the Recipient for purposes of implementation of its Natural Resource Management Program and referred to in paragraph 2 of Schedule 4 to this Agreement;
- (q) “PIM” means the Project Implementation Manual to be adopted by the Recipient, pursuant to Section 6.01 (b) of this Agreement containing detailed arrangements regarding the implementation of the Project, as the same may be amended from time to time, in consultation with and with the consent of the Bank, and such term includes any schedules to the Project Implementation Manual;
- (r) “Project Management Report” means each report prepared in accordance with Section 4.02 of this Agreement;
- (s) “Special Account” means the account referred to in Part B of Schedule 1 to this Agreement;
- (t) “SRMC” means the Savanna Resources Management Center within MLF; and
- (u) “TAMD” means the Traditional and Alternative Medicines Directorate within MOH.

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 six million Special Drawing Rights (SDR 6,000,000).

Section 2.02. The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for carrying out the Project and to be financed out of the

proceeds of the GEF Trust Fund Grant.

Section 2.03. The Closing Date shall be February 1, 2008 or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MLF with due diligence and efficiency and in conformity with appropriate administrative, financial, and environmental practices and with due regard to ecological and biodiversity protection factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Bank shall otherwise agree, the Recipient shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.08 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 months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan to ensure the continued achievement of 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 Conditions

Section 4.01. (a) The Recipient shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Recipient responsible for carrying out the Project or any part thereof.

(b) The Recipient shall:

(i) have 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, 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 said records and accounts 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 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 provisions of Section 4.01 of this Agreement, the Recipient shall carry out a time-bound action plan acceptable to the Bank for the strengthening of its financial management system for the Project in order to enable the Recipient, not later than March 31, 2003, or such later date as the Bank shall agree, to prepare quarterly Project management reports, acceptable to the Bank, each of which:

- (i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report; and (B) shows separately expenditures financed out of the proceeds of the Trust Fund Grant during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Trust Fund Grant during the six-month period following the period covered by said report;
- (ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report; and (B) explains

variances between the actual and previously forecast implementation targets; and

- (iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Trust Fund Grant, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Recipient shall prepare, in accordance with guidelines acceptable to the Bank, and furnish to the Bank not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional event is specified:

- (a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.
- (b) Subject to paragraph (c) of this paragraph:
 - (i) the right of the Recipient to withdraw the proceeds of any loan or grant of the Recipient shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; or
 - (ii) such loan shall have become due and payable prior to the agreed maturity thereof.
- (c) Paragraph (b) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Bank that:
 - (i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and
 - (ii) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

ARTICLE VI

Effectiveness; Termination

Section 6.01. The following events are specified as conditions to the effectiveness of the

GEF Trust Fund Grant within the meaning of Section 12.01 (c) of the General Conditions:

- (a) the Recipient has established financial management and accounting systems for the Project satisfactory to the Bank;
- (b) the Recipient has adopted the PIM, in form and substance acceptable to the Bank;
- (c) the Recipient has adopted an annual work program, including a procurement plan for the first year of implementation, satisfactory to the Bank;
- (d) the Recipient has recruited the Project coordinator referred to in paragraph 2 of Schedule 4 to this Agreement, in accordance with Section II of Schedule 3 to this Agreement; and
- (e) the Recipient has appointed independent auditors referred to in Section 4.01 (b) (i) of this Agreement, in accordance with Section II of Schedule 3 to this Agreement.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

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

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Minister of Finance of the Recipient 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:

Minister of Finance
Ministry of Finance
P.O. Box M.40
Accra, Ghana

Cable address:

Telex:

Facsimile

ECONOMICON

2205

233 21 667069

ACCRA

MIFAEPGH

For the Bank:

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

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

248423 (MCI)
64145 (MCI)

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

REPUBLIC OF GHANA

By /s/ Yaw Osafo-Maafa

Authorized Representative

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

By /s/ Peter C. Harrold

Acting Regional Vice President
Africa

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>Categories</u>	Amount of the GEF Trust Fund Grant Allocated (Expressed in <u>SDR Equivalent</u>)	% of Expenditures to be <u>Financed</u>
1. Goods, including Vehicles	1,100,000	100% of foreign expenditures and 95%

		of local expenditures
2. Civil Works	300,000	90%
3. Consulting services, training and audit	2,800,000	100%
4. Incremental Operating Costs	1,300,000	100%
5. Unallocated	500,000	
TOTAL	<u>6,000,000</u> =====	

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 goods or services supplied from the territory of any country other than that of the Recipient;

(b) the term “local expenditures” means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient; and

(c) the term “Incremental Operating Costs” means incremental costs incurred under the Project on account of office rental, fuel and maintenance for vehicles, equipment operation and maintenance, utilities, office supplies, communication expenses, staff travel and associated subsistence allowances, salaries for contractual and temporary staff, but excluding salaries of the Recipient's civil servants.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Bank may require withdrawals from the GEF Grant Account to be made on the basis of statements of expenditure for expenditures for: (a) goods under contracts not exceeding \$100,000 equivalent; (b) works under contracts not exceeding \$100,000 equivalent; (c) consultants' services (firms) under contracts not exceeding \$100,000 equivalent; (d) consultants' services (individuals) under contracts not exceeding \$50,000 equivalent; and (e) training and Incremental Operating Costs under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

B. Special Account

1. The Recipient shall open and maintain in dollars a separate special deposit 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 GEF Trust Fund Grant Account of amounts to be deposited into the Special Account shall be made as follows:

(a) until the Bank shall have received: (i) the first Project Management Report referred to in Section 4.02 (b) of this Agreement; and (ii) a request from the Recipient for withdrawal on the basis of Project Management 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 Project Management Report pursuant to Section 4.02 (b) of this Agreement, accompanied by a request from the Recipient 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 Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

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

(a) if the Bank determines at any time that any Project Management 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 Recipient directly from the GEF Trust Fund Grant Account; or

(c) if the Recipient shall have failed to furnish to the Bank within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (i) the records and accounts for the Special Account; or (ii) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management 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 Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

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 Recipient shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the 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 Recipient has provided such evidence or made such deposit or refund, as

shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

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

(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 Grant Agreement.

Annex A

to

SCHEDULE 1

Operation of Special Account When Withdrawals Are Not Made On the Basis of Project Management Reports

1. For the purposes of this Annex:

(a) the term “Authorized Allocation” means an amount equivalent to \$400,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 2 of this Annex.

2. Withdrawals of the Special Account’s 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 Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested.

(b) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposit into the Special Account at such intervals as the Bank shall specify. Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents

Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to Part B.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 Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Special Account's Eligible Categories.

1. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the GEF Trust Fund Grant minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Special Account's Authorized Allocation. Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

Annex B

to

SCHEDULE 1

Operation of Special Account When Withdrawals Are Made On the Basis of Project Management Reports

1. Except as the Bank may otherwise specify by notice to the Recipient, 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 Project Management Report.

3. Upon receipt of each application for withdrawal of an amount of the GEF Trust Fund Grant, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the Project Management 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 Project Management

that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the Special Account, shall not exceed the equivalent of \$1,000,000.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Recipient in efforts to improve the livelihood, health and environment of communities in the northern savanna zone of its territory, and more specifically to: (a) strengthen institutional capacity for biodiversity conservation; (b) improve the conservation and management of globally and nationally significant plant and animal species, and their habitats; (c) develop a savanna resources management strategy framework; (d) enhance community involvement and adoption of improved biodiversity management plans and conservation measures; and (e) increase community awareness of biodiversity issues and maintenance of gene banks of threatened indigenous crop varieties and medicinal plants.

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

Part A: Formulation of a Policy Framework

1. Development, through a consultative process involving stakeholders, of: (a) a policy framework for the conservation and management of northern savanna biodiversity; (b) policies, regulations and guidelines for collection and protection of bioresources, intellectual property rights on use of biodiversity, biosafety, compensation for use of indigenous knowledge, regulation of traditional healers and birth attendants, and incentives for cultivation of crop varieties and plant species; and (c) draft legislation for intellectual property rights on biodiversity use and collection of bioresources.
2. Completion and adoption of the National Biodiversity Strategy and Action Plan, including a strategy on harvesting and bioprospecting of plant species for pharmaceutical uses.

Part B: Capacity Building

1. Strengthening the capacities of national, district and local agencies and civil society, including the EPA, District Assemblies, MEST, MLF, MLGRD, MOFA, MOH, NRMPC, NRMPCU, and SRMC for natural resource management and biodiversity conservation in the northern savanna zone of the Recipient, including construction of office accommodation, rangers camps and observation posts.
2. Provision of professional development, leadership and training in biodiversity conservation to beneficiaries at the national, district and community levels.
3. Development of data, inventory and management information systems to support natural resources management, including the establishment of a herbarium and of databases on usage, distribution and status of medicinal plants used in human and livestock healthcare.
4. Development of participatory natural resource and biodiversity management, including

4. Development of participatory natural resource and biodiversity management, including protected areas management and planning guidelines.
5. Carrying out of public awareness and education programs related to biodiversity conservation, in particular, park and reserve management; and
6. Strengthening of medicinal plant conservation and management and traditional medicine services and delivery systems and organizations, including assistance to TAMD for the establishment of regional traditional healers' associations.

Part C: Biodiversity Conservation, Research and Development

1. Development of regional and community-based natural resource management systems, including incentives for savanna resources management, through the carrying out of relevant biological, socio-economic or ecological surveys and studies.
2. Ensuring adequate management of protected areas and community resource conservation through the establishment of wildlife protected area management boards or committees and forest management committees, maintenance of protected area demarcation, the development of strategies to reduce illegal bushmeat harvesting, the formulation of community-based actions to minimize or stop group hunting, the provision of support for bushfire prevention and control and the promotion of wildlife domestication.
3. Improving land management and restoration of degraded areas through the carrying out of a bio-physical and socio-economic baseline survey and action plans of the selected communities for off-reserve area management, selection of communities and affected areas to be included in the Project, supporting of community-level committees, carrying out of sensitization and awareness campaigns, education and training programs for bushfire prevention squads, protection and maintenance of pilot areas, and distribution of plant seedlings to schools in the communities.
4. Establishment and designation of biodiversity-rich wildlife corridors to connect small and unsustainable islands of biodiversity.
5. Sustaining medicinal plant resources through the carrying out of studies to assess the supply and demand of current medicinal plants used for human diseases and livestock diseases, develop guidelines for the sustainable harvesting of medicinal plant species in protected sites when ex-situ conservation/cultivation is not possible; and methods for the propagation and cultivation of selected medicinal plant species.

Part D: Project Management, Monitoring and Evaluation

Carrying out of Project administration, management and monitoring activities by the Project Management Coordinating Unit, through the rehabilitation of office facilities, the provision of technical advisory services and training and the acquisition of goods including

vehicles and office equipment.

* * *

The Project is expected to be completed by August 30, 2007.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Good and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

Grouping of contracts

To the extent practicable, contracts for vehicles, office and field equipment, communication equipment and computers shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$700,000 equivalent, and works estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$400,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of

the Guidelines.

2. National Shopping

Goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, 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. Direct Contracting

Spare parts and accessories which are of proprietary nature and costing \$100,000 equivalent or less in the aggregate, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

4. Procurement of Small Works

Works estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods or works estimated to cost the equivalent of \$100,000 or more, the 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 and 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 and January 1999 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for each contract under the Project estimated to cost less than \$200,000 may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for auditing under Part D of the Project and for engineering may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services for capacity building, collaborative biodiversity conservation, research and development, community-based management actions under Parts B and C of the Project estimated to cost less than \$30,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant

Guidelines.

3. Individual Consultants

Services that meet the requirements set forth in paragraph 5.01 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 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 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) 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 the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

(c) With respect to any contract for the employment of a consulting firm or an individual consultant under the Project, the draft terms of reference shall be submitted to the Bank for its prior review and approval.

3. Post Review

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

SCHEDULE 4

Implementation Program

1. Overall Project Coordination:

The Recipient shall designate and maintain the NRMPPCC as the entity responsible for overall Project coordination and supervision. The NRMPPCC shall have the responsibility to review, on a quarterly basis, proposed work plans and budgets, monitor implementation performance and foster inter-agency and inter-ministerial cooperation in the management of the country's natural resources. Members of the NRMPPCC shall include representatives, at the director level, from the following ministries: MLF, MOFA, MoF, MOH, MEST, MLGRD and ME, and their implementing agencies, representatives of private sector organizations, nongovernmental organizations and academic institutions and donors.

2. Project Administration and Management:

The Recipient shall designate and maintain the NRMPCU as the entity within MLF which shall have overall responsibility for Project management and coordination, including the preparation of the annual work plans, budgeting and finance, maintenance of a proper financial management and accounting system for the Project, preparation of bidding documents and monitoring of the overall procurement process, management of technical assistance activities and the preparation of a Project completion report. NRMPCU shall recruit a Project coordinator who shall be responsible for day-to-day management of the Project with qualifications and experience satisfactory to the Bank. Specific responsibility for Project supervision and monitoring shall be exercised by SRMC.

3. The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to 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, about March 31, 2003 and March 31, 2005, or such later dates as the Bank shall agree, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by April 30, 2003 and by April 30, 2005, or such later date as the Bank shall request, the reports referred to in paragraph (b) of this Section, 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 reports and the Bank's views on the matter.

4. The Recipient shall carry out the Project in accordance with procedures set forth in the PIM and, except as the Bank shall otherwise agree, not amend or waive any provision thereof if such amendment or waiver may, in the opinion of the Bank, materially or adversely affect the implementation of the Project.

5. The Recipient shall carry out all actions required under the Environmental and Social Mitigation Plan to mitigate and compensate for the impacts that have been identified through the environmental and social impact assessment in accordance with the time table set forth therein.

6. The Recipient shall ensure that the people living inside the Gbele Resource Reserve prior to the 2000 census shall be permitted to continue to live in the reserve and shall be eligible for benefits under Part C of the Project description.

7. The Recipient shall:

(a) not later than October 31 in each year, furnish to the Bank for review and comments a draft annual work program and supporting budget for the succeeding calendar year;

(b) not later than November 30 in each year: (i) review with the Bank the documents referred to in paragraph (a) above; (ii) identify implementation issues and propose appropriate solutions; and (iii) update Project timetables and performance indicators;

(c) not later than December 31 in each year, furnish to the Bank for its comments and final approval the work program and budget referred to in paragraph (a) hereof, as such program and budget shall have been revised to the satisfaction of the Bank in the course of the review referred to in paragraph (b) hereof and, except as the Bank shall otherwise agree, carry out the Project in the year in question on the basis of the said work program and budget as so revised.

