

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF056782 MAU

Global Environment Facility Trust Fund Grant Agreement

(Community Based Watershed Management Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated August 28, 2006

GEF TRUST FUND GRANT NUMBER TF056782 MAU

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT dated August 28, 2006 (“Grant Agreement”) entered into between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility, established pursuant to Resolution No. 91-5 of March 14, 1991 and Resolution No. 94-2 of May 24, 1994 of the Executive Directors of the World Bank (“GEF”), for grant funds provided to the GEF Trust Fund by certain members of the World Bank as participants of the GEF and the ISLAMIC REPUBLIC OF MAURITANIA (the “Recipient”).

The Recipient and the World Bank hereby agree as follows:

Article I

Standard Conditions; Definitions

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

Article II

The Project

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and with the Convention to Combat Desertification signed by the Recipient on October 14, 1994 and ratified on August 7, 1996, the Convention on Biological Diversity, signed by the Recipient on June 12, 1992 and ratified on August 16, 1996, and the Convention on Climate Change, signed by the Recipient on December 6, 1992 and ratified on January 20, 1994.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III

The Grant

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to six million Dollars (USD 6,000,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV

Effectiveness

- 4.01. The Grant Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.
 - (a) The Recipient has amended the regulation for the establishment of the Central Coordination Unit for the CBRD (*Arrêté no. 1221/MDRE portant création de l'Unité centrale de coordination du Projet de Développement Rural Communautaire*, dated October 20, 2004), in form and substance satisfactory to the World Bank, to revise, *inter alia*, its composition and its terms of reference to include the coordination of the Project.
 - (b) The Recipient has amended the regulation for the establishment of the Steering Committee for the CBRD (*Arrêté no. 1222/MDRE portant création du Comité de Pilotage du Projet de Développement Rural Communautaire*, dated October 20, 2004), in form and substance satisfactory to the World Bank, to revise, *inter alia*, its composition and its mandate to include the responsibility for the Project.
 - (c) The Recipient has amended the Project Implementation Manual (including the Monitoring and Evaluation Manual) initially prepared for the CBRD, in form and substance satisfactory to the World Bank, in order to cover the implementation of the Project.
 - (d) The Recipient has opened a Project Account and made an initial deposit of an amount equivalent to forty thousand Dollars (\$40,000) therein.

- (e) The Recipient has established a computerized information system for the financial management of the Project (including software customization, the adaptation of the Manual of Financial and Administrative Procedures, and the training), in a manner satisfactory to the World Bank.
- (f) The Recipient has recruited an external auditor for the Project, with terms of references, qualifications and experience satisfactory to the World Bank.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of the Agreement.

Article V

Representatives; Addresses

5.01. The Recipient's Representative is the Recipient's Minister at the time responsible for Economic Affairs.

5.02. The Recipient's Address is:

Minister of Economic Affairs and Development
Ministry of Economic Affairs and Development
B.P. 238
Nouakchott
Islamic Republic of Mauritania

Facsimile:

(222) 525 4617

5.03. The World Bank's Address referred to in Section 6.02 of the Standard Conditions is:

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

Cable Address:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

AGREED at Nouakchott, Islamic Republic of Mauritania, as of the day and year first above written.

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

By:

/s/ François Rantrua
Authorized Representative

The ISLAMIC REPUBLIC OF MAURITANIA

By:

/s/ Mohamed Ould El Abed
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to lessen the incidence of land degradation at the watershed level in targeted areas within the Recipient's territory, by assisting rural communities to generate benefits through community-driven investments addressing land degradation and promoting sustainable land management practices.

The Project consists of the following parts:

Part A: Capacity building for sustainable land management, including through support to:

- (i) develop intercommunity master plans for watershed management;
- (ii) establish watershed associations in the targeted areas;
- (iii) strengthen collaboration with national and local research institutions, extension services and community associations to adopt a watershed management approach in developing and transferring sustainable land management technologies;
- (iv) review policies, laws and regulations to provide incentives for rural communities to adopt sustainable management of resources at the watershed and landscape level; and
- (v) explore and identify future sustainable operation and funding options for the promotion of land management practices following Project completion.

Part B: Provision of incentives for sustainable land management practices, including support to the establishment and operation of a local investment fund, to provide Matching Grants to watershed associations for the adoption of sustainable natural resource management and conservation practices within a watershed area and at the inter-village community level.

Part C: Support in Project Management, Monitoring and Evaluation.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

1. The Recipient shall maintain the following structures with functions as set forth in subparagraphs (a) through (f) and in the Project Implementation Manual, at all times during Project implementation.
 - (a) The Recipient shall maintain throughout the implementation of the Project a Steering Committee, with composition and terms of reference satisfactory to the World Bank. The Steering Committee shall include representatives of: (i) the Recipient's key ministries involved in the Project, (ii) elected local governments; and (iii) civil society, and shall be chaired by the designated representative of the Recipient's Ministry of Economic Affairs and Development. The Steering Committee shall be responsible, *inter alia*, for the overall oversight in the implementation of the Project. The World Bank shall be invited to participate to the meetings of the Steering Committee as observer, and shall receive a copy of the minutes of each meeting of the Steering Committee.
 - (b) The Recipient shall maintain throughout the implementation of the Project a Central Coordination Unit under the responsibility of the Recipient's Ministry of Rural Development and Environment, with composition and terms of reference satisfactory to the World Bank. The Central Coordination Unit shall be responsible, *inter alia*, for the implementation and coordination of the Project.
 - (c) The Recipient shall establish and maintain throughout the implementation of the Project an advisory Scientific and Technical Committee, with composition and terms of reference satisfactory to the World Bank to, *inter alia*, provide technical expertise to the Central Coordination Unit on an as needed basis, ensure the coherence and scientific quality of the Project's activities, participate in the monitoring and evaluation of the Project and the dissemination of information.
 - (d) The Recipient shall maintain throughout the implementation of the Project Regional Coordination Units, under the authority of the Regional Delegation of the Recipient's Ministry of Rural Development and Environment, with composition and terms of reference satisfactory to the World Bank.

- (e) The Recipient shall establish and maintain throughout the implementation of the Project Development Committees (*Comités Départementaux de Développement*) in the *moughataas* involved in the implementation of the Project, to be responsible for the approval of the activities in accordance with paragraph 4 below, with composition and terms of reference satisfactory to the World Bank. The Development Committee shall, *inter alia*, include representatives of the Recipient's sectoral ministries, local governments and local non governmental organizations.
 - (f) The Recipient shall establish Watershed Associations (*Associations de Bassins Versants*) in accordance with the laws of the Recipient, with composition and terms of reference satisfactory to the World Bank. The Watershed Associations shall include, *inter alia*, representatives of Village Community Associations, livestock herders (*transhumants*) and other users of the watershed resources.
2. The Recipient shall implement the Project, or cause the Project to be implemented, in accordance with the Project Implementation Manual, and the Manual of Administrative and Financial Procedures, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall not amend or waive any provision thereof, if in the opinion of the World Bank, such amendment or waiver may materially and adversely affect the implementation of the Project.
 3. Safeguards: The Recipient shall implement the Project, or cause the Project to be implemented, in accordance with the Recipient's Environmental and Social Management Plan entitled "*Plan de Gestion Environnementale et Sociale*" and dated November 1, 2005, the Recipient's Pest Management Plan entitled "*Plan de Gestion des Pestes et des Pesticides*" and dated February 16, 2006, and the Recipient's Resettlement Framework entitled "*Cadre de Politique de Relocalisation Involontaire*" and dated February 1, 2006, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall not amend or waive any provision thereof, if in the opinion of the World Bank, such amendment or waiver may materially and adversely affect the implementation of the Project.
 4. The Recipient shall develop a Watershed Management Plan on the basis of local master plans developed by each Watershed Association and approved by their respective Development Regional Committee. Each year, each watershed association will prepare an annual action plan consistent with the Watershed Management Plan, including Subprojects for investments and training in sustainable land management, and income generating activities, and a budget for their implementation, in accordance with the procedures described in the Project

Implementation Manual and the Administrative, Financial and Accounting Procedures Manual.

5. The Recipient shall implement Part B of the Project, *inter alia* through the provision of Matching Grants to Watershed Associations for the partial financing of Subprojects, in accordance with the procedures, guidelines and eligibility criteria set out in the Project Implementation Manual.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1.
 - (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
 - (b) The performance indicators referred to above in sub-paragraph (a) consist of the following, as further described (*inter alia* with base line and target values) and completed in the Project Implementation Manual:
 - (i) Appropriate implementation of the sustainable land management process by the Watershed Associations in Project area;
 - (ii) Percentage of activities supported by the Project which actually generate income for the community;
 - (iii) Percentage of increase of the biomass in the Project area (perennial grasses and shrubs regeneration).
2. The Recipient shall prepare a Project Completion Report in accordance with the provisions of Section 2.06 (d) of the Standard Conditions. The Recipient's Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the World Bank not later than one month after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

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

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive

Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Community Participation
(d) Direct Contracting
(e) Procurement from United Nations Agencies

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Least Cost Selection
(b) Selection Based on the Consultant's Qualifications
(c) Selection of Individual Consultants
(d) Selection of UN Agencies as Consultants
(e) Use of Nongovernmental Organizations
(f) Single Source Selection

D. Review by the World Bank of Procurement Decisions

1. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) each contract for works estimated to cost the equivalent of \$500,000 or more and procured on the basis of International Competitive Bidding; each contract for goods estimated to cost the equivalent of \$250,000 or more and procured on the basis of International Competitive Bidding; and each contract for goods or works procured on the basis of Direct Contracting; and (b) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more, each contract for consultants' services provided by an individual estimated to cost the equivalent of \$50,000 or more, and each contract for consultants' services procured on the basis of Single Source Selection. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of the Proceeds of the Grant

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of this Section and such additional instructions as the World Bank may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be Financed</u>
(1) Civil Works	10,000	100% of Foreign Expenditures and 100% of Local Expenditures all taxes excluded
(2) Goods	360,000	100% of Foreign Expenditures and 100% of Local Expenditures all taxes excluded
(3) Consultants’ services	580,000	100% of Foreign Expenditures and 100% of Local Expenditures all taxes excluded
(4) Training, Study Tours, Workshops	550,000	100% of Foreign Expenditures and 100% of Local Expenditures all taxes excluded
(5) Subprojects	3,000,000	100% of disbursed amount
(6) Operating Costs	900,000	100% of Foreign Expenditures and 100% of Local Expenditures all taxes excluded
(7) Unallocated	<u>600,000</u>	
TOTAL AMOUNT	6,000,000 =====	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 2011.

APPENDIX

Definitions

1. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
2. “CBRD” means the Community Based Rural Development Project, a project implemented by the Recipient partially financed by the International Development Association pursuant to a Development Credit Agreement (Credit no. 3883-MAU) entered into on April 23, 2004 between the Recipient and the International Development Association.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004.
4. “Dollar”, “\$” and “USD” each means the lawful currency of the United States of America.
5. “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.
6. “Local Expenditures” means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient; provided, however, that if the currency of the Recipient is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be Foreign Expenditures.
7. “Manual of Administrative and Financial Procedures” means the manual of administrative and financial procedures referred in Section 4.01(c), as such manual may be amended from time to time in agreement with the Association; and such term includes any schedule to the Project Implementation.
8. “Matching Grants” means the Matching Grants funded from the proceeds of the Grant and provided in accordance with Section I paragraph 5 of Schedule 2 to this Agreement.
9. “Operating costs” means the incremental expenses incurred on account of implementation of the Project, audits, management and monitoring, including office supplies, administrative support, communication and utility services, travel and supervision costs but excluding salaries of officials of the Recipient’s civil service.
10. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004.

11. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 20, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
12. "Project Implementation Manual" means the project implementation manual referred to in Section 4.01(c), as such manual may be amended from time to time in agreement with the Association; and such term includes any schedule to the Project Implementation Manual.
13. "Standard Conditions" means the "Standard Conditions for Grants made by the World Bank acting as administrator of Various Funds" dated March 2006.
14. "Subproject" means a set of eligible activities in the areas set out in Schedule 1 to this Agreement, which are included in an annual action plan in accordance with Section I, paragraph 4 of Schedule 2 to this Agreement.