

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF056925-CM

Global Environment Facility Trust Fund Grant Agreement

(Sustainable Agro-Sylvo-Pastoral and Land Management Promotion Project)

between

REPUBLIC OF CAMEROON

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated September 1, 2006

GEF TRUST FUND GRANT NUMBER TF056925-CM

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated September 1, 2006, between THE REPUBLIC OF CAMEROON (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank has received from the Recipient a letter dated January 14, 2004 describing a program of actions, objectives, and policies designed, *inter alia*, to support the implementation of the Recipient's rural development strategy (the Program) and declaring the Recipient's commitment to the execution of the Program;

(B) 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;

(C) 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 94-2);

(D) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), which forms part of the Program, 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

(E) the Recipient has obtained from the International Development Association (the Association) financing towards the Program pursuant to the Development Credit Agreement (as hereinafter defined), in an aggregate principal equivalent to thirteen million six hundred thousand Special Drawing Rights (SDR 13,600,000) (the "IDA Credit");

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

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01 (a) The following provisions of the “General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans” of the Bank, dated May 30, 1995 (as amended through May 1, 2004), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
 - (ii) Sections 2.01 (2), (3), (4), (5), (6), (7), (8), (14), (15), (16), (18) and (21), 2.02 and 2.03;
 - (iii) Section 3.01;
 - (iv) Sections 4.01 and 4.06;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02 (c), (e), (f), (i), (l), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;
 - (vii) Section 8.01 (b);
 - (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
 - (ix) Sections 10.01, 10.03 and 10.04;
 - (x) Article XI; and
 - (xi) Sections 12.01 (c), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Bank”, wherever used in the General Conditions, other than in Sections 2.01 (6), 6.02 (f) and 5.01 (a) thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;
 - (ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;

- (iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
- (iv) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;
- (v) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account;
- (vi) a new subparagraph is added after subparagraph (o) in Section 6.02 of the General Conditions, as follows: “an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF.”; and
- (vii) the words “corrupt or fraudulent” in paragraph (c) of Section 6.03 are replaced with the words “corrupt, fraudulent, collusive or coercive”.

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) “Beneficiary” means a Community-Based Organization (as hereinafter defined) or a Commune (as hereinafter defined) in a Project Target Zone (as hereinafter defined), which has met the eligibility criteria set out in the Project Implementation Manual (as hereinafter defined), and the requirements of paragraph B.1 of Schedule 4 to this Agreement, and, as a result, has received or is entitled to receive a Micro-project Grant (as hereinafter defined) for the carrying out of a Micro-project (as hereinafter defined);

(b) “CFA Francs” or “CFAF” means *Franc de la Communauté Financière en Afrique*, the currency of the Recipient;

(c) “Commune” means a decentralized local government entity established and operating under the laws of the Recipient (Law Nr. 2004/018 dated July 22, 2004, setting up rules applicable to communes and any amendment thereto);

(d) “Community Based Organization” means a community based organization established and operating pursuant to the laws of the Recipient;

(e) “Communal Decision Committee” (*Comité Paritaire d’Approbation et de Supervision de niveau communal*) means each of the Recipient’s Decision Committee established

pursuant to the Project Implementation Arrêté (as hereinafter defined), and operating at the Commune level in the Project Area;

(f) “Communal Development Plan” means the development plan to be prepared by Communes and approved by the Provincial Decision Committee (as hereinafter defined) pursuant to the Project Implementation *Arrêté*;

(g) “Conflict Resolution Commissions” (*Commission Consultative de Règlement des Conflits Agro-Pastoraux*) means the commissions established at the prefectoral level in accordance with the Decree No. 78/263 dated September 03, 1978;

(h) “Development Credit Agreement” means the agreement No. 3876-CM dated July 8, 2004 between the Recipient and the Association for the Community Development Program Support Project, as such agreement may be amended from time to time; and such term includes all schedules and agreements supplemental to the Development Credit Agreement;

(i) “Eligible Categories” means Categories (1) through (5) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

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

(k) “Environmental and Social Management Framework” means the document, adopted by the Recipient on June 19, 2003, consisting of a framework outlining the modalities for social and environmental screening of Micro-projects and rules and procedures for the preparation and implementation of social and environmental assessments to be complied with, as the case may be, prior to carrying out a Micro-project, as the same may be amended with the Bank prior approval;

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

(m) “FEICOM” means the *Fonds Spécial d’Équipement et d’Intervention Intercommunale* established and operating under the laws of the Borrower (Law Nr.74/23 dated December 5, 1974, relating to communal organization and any amendment thereto);

(n) “Indigenous Peoples Development Plan” means the document adopted by the Recipient on June, 19, 2003, defining specific measures to be implemented for Baka, Kola and Aka minorities in order to protect them and to ensure that members of said minorities be granted equal legal, financial and organizational opportunities under the Program;

(o) “Inter Ministerial Committee for the Environment” (*Comité Inter-ministériel de l’Environnement*) means the Committee established pursuant to Decree 2001/718 dated September 3, 2001;

(p) “Landscape Use and Management Plans” means the plans to be established at the commune level to review the status of land use and propose measures in support of sustainable land management;

(q) “Land Tenure Commissions” (*Commissions Consultatives Foncières*) means the commissions established at the prefectural level in accordance with Article 16 of Ordonnance 74-1 dated July 06, 1974, and further defined under Law No. 19 dated November 26, 1983;

(r) “Local Development Plan” means the development plan to be prepared by CBO within the Commune and approved by the Communal Decision Committee pursuant to the Project Implementation *Arrêté*;

(s) “Micro-project” means a specific activity to be carried out in the Project Target Zone and financed, or proposed to be financed through a Micro-project Grant under Part A of the Project;

(t) “Micro-project Grant” means a grant by the Recipient made, or proposed to be made, by a PPU to finance a Micro-project under Part A of the Project;

(u) “Micro-Project Grant Agreement” means the agreement to be entered into between the Recipient and a Beneficiary for the purposes of carrying out and financing a Micro-project;

(v) “Micro-project Management Committee” means the committee to be established by Beneficiaries for the purposes of managing, monitoring and supervising its Micro-project; and

(w) “MINADER” means the Recipient’s Ministry of Agriculture and Rural Development;

(x) “MINAS” means the Recipient’s Ministry of Social Affairs;

(y) “MINATD” means the Recipient’s Ministry of Territorial Administration and Decentralization;

(z) “MINFOF” means the Recipient’s Ministry of Forest and Fauna;

(aa) “MINEP” means the Recipient’s Ministry of Environment and Nature Protection;

(bb) “MINEPIA” means the Recipient’s Ministry of Livestock, Fisheries and Animal Industries;

(cc) “MINDAF” means the Recipient’s Ministry of Domain and Land Tenure;

(dd) “MINRESI” means the Recipient’s Ministry of Scientific Research and Innovation;

(ee) “MINPLAPDAT” means the Recipient’s Ministry of Planning, Development Programming and Regional Development;

(ff) “MINEFI” means the Recipient’s Ministry Economy and Finance;

(gg) “MINTP” means the Recipient’s Ministry of Public Works;

(hh) “NCU” means the National Coordination Unit (*Cellule Nationale de Coordination*) established and operating pursuant to the Project Implementation *Arrêté*;

(ii) “National Commission for Environment and Sustainable Development” (*Commission Nationale Consultative pour l’Environnement et le Développement Durable*) means the commission established pursuant to Decree 94/259 dated May 31, 1994;

(jj) “Procurement Plan” means the Recipient’s procurement plan, dated March 20, 2006 covering the initial 18-month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18-month period (or longer) of Project implementation;

(kk) “Project Administrative, Financial and Accounting Manual” means the manual outlining the administrative, financial and accounting arrangements for the implementation of the Project, referred to in paragraph A.1 of Schedule 4 to this Agreement and to be updated pursuant to Section 6.01 (b) of this Agreement, as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the Project Administrative, Financial and Accounting Manual;

(ll) “Project Area” means the Recipient’s following provinces: *Province de l’Adamaoua Province du Centre, Province de l’Ouest, and Province du Nord*;

(mm) “Project Implementation *Arrêté*” means the Recipient’s *arrêté* No. 002/PM dated January 9, 2004, “*Portant organisation du cadre institutionnel d’exécution du Programme National de Développement Participatif*”;

(nn) “Project Implementation Manual” means the manual outlining, *inter alia*, the institutional, environmental and social, disbursement and procurement arrangements for the implementation of the Project, referred to in paragraph A.1 of Schedule 4 to this Agreement and to be updated pursuant to Section 6.01 (b) of this Agreement, as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the Project Implementation Manual;

(oo) “Project Monitoring and Evaluation Manual” means the manual outlining the monitoring and evaluation arrangements of the Project, referred to in paragraph A.2 of Schedule 4 to this Agreement and to be updated pursuant to Section 6.01 (b) of this Agreement, as the same

may be amended by agreement of the Parties from time to time, and such term includes any schedules to the Project Monitoring and Evaluation Manual;

(pp) “Project Target Zone” means the geographical zones within the Project Area where the Project will be implemented, as established pursuant to criteria defined in the Project Implementation Manual (as hereinafter defined);

(qq) “PPU” means each of the Provincial Project Units (*Cellule Provinciale du Programme*) established at the provincial level pursuant to the Project Implementation *Arrêté* and operating in the Project Area;

(rr) “Provincial Decision Committee” (*Comité Paritaire d’Approbation et de Supervision de niveau Provincial*) means each of the Recipient’s Decision Committee established at the province level pursuant to the Project Implementation *Arrêté*, and operating in the Project Area;

(ss) “SC” means the Steering Committee for the Project established and operating pursuant to the Project Implementation *Arrêté*, and referred to in paragraphs A.2 and A.4 of Schedule 4 to this Agreement;

(tt) “Second Generation Special Accounts” means the accounts referred to in Section 2.02 (c) of this Agreement;

(uu) “SLM” means sustainable land management;

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

(ww) “Technical Support Agency” means, any of the decentralized technical public services of the Recipient, professional associations, research institutions or any other entity as defined in the PIM, providing assistance to the Beneficiaries for: (i) the preparation of Local or Communal Development Plans, as the case may be; and (ii) the identification, appraisal, preparation and supervision of Micro-projects.

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 equal to six million Dollars (\$ 6,000,000).

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 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 the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.

(b) The Recipient may, for the purposes of the Project, open and maintain in CFA Francs one separate special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, each respective Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Upon completion of a financial management system review, to be found satisfactory by the Association, to evaluate the financial management system in place in each PPU, the Recipient may additionally open and maintain in CFA Francs, for the benefit of each PPU, one Second Generation Special Account of the Special Account, each in a commercial bank and on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and or attachment.

Section 2.03. The Closing Date shall be March 1, 2011, or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate technical, administrative and financial practices and with due regard to ecological, environmental and social 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. (a) Except as the Bank shall otherwise agree, procurement of the goods, works and 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, as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than 12 months after the date of the preceding Procurement Plan, for the Bank's approval.

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 designed 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 Covenants

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

(b) The Recipient shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Bank), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and

(iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

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

- (i) retain, until at least one year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in Part C of Schedule 4 to this Agreement, the Recipient shall prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, which:

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

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

ARTICLE V

Remedies of the Bank

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

- (a) a situation shall have arisen which shall make it impossible that the Project or a significant part thereof will be carried out;

(b) the Project Implementation *Arrêté*, shall have been amended, suspended, abrogated, repealed or waived so to materially and adversely affect the implementation of the Project; and

(c) the IDA Credit has been suspended or cancelled for any reason whatsoever.

ARTICLE VI

Effectiveness, Termination

Section 6.01. The following events are specified as additional 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 updated the financial and accounting and technical monitoring and evaluation system within NCU and PPU's in a manner satisfactory to the Association;

(b) the Recipient has updated the Project Accounting Financial and Administrative Manual, the Project Implementation Manual and the Project Monitoring and Evaluation Manual in a manner satisfactory to the Association; and

(c) the Recipient has recruited external auditors satisfactory to the Association.

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 responsible for Economy and 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:

Ministry of Economy and Finance
Yaounde
Republic of Cameroon

Cable address:

Telex:

Facsimile:

MINEFI

(237) 223 3717

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:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI)
64145 (MCI)

(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 Yaounde, Republic of Cameroon, as of the day and year first above written.

REPUBLIC OF CAMEROON

By:

/s/ Abah Abah Polycarpe
Authorized Representative

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

By:

/s/ Markus Repnik
Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust Fund Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	Amount of the GEF Trust Fund Grant (Expressed in US Dollars)	% of Expenditures <u>To be Financed</u>
(1) Goods, equipment and vehicles	110,000	100%
(2) Consultants' services and audits	750,000	100%
(3) Micro Projects under Part A	3,600,000	100% of amounts disbursed
(4) Operating Costs	250,000	100%
(5) Training	1,000,000	100%
(6) Unallocated	290,000	
TOTAL	<u>6,000,000</u> =====	

2. For the purposes of this Schedule:

(a) the term "Operating Costs" means the incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, vehicles operation and maintenance, communication costs, rental expenses, utilities expenses, consumables, transport, travel and accommodation, per diem, supervision costs and salaries of local support staff; and

(b) the term "Training" means the expenses incurred on per diem, travel, purchase of training materials and rental of facilities, and includes workshops, seminars and study tours.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement; and

(b) a Micro-project Grant under Category (3) unless the Micro-project Grant has been made in accordance with the criteria and on terms and conditions set forth or referred to in the Project Implementation Manual and the provisions of paragraph B of Schedule 4 to this Agreement.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods, equipment and vehicles costing less than \$500,000 equivalent per contract; (b) services of individual consultants costing less than \$100,000 equivalent per contract; and (c) services of consulting firms under contracts costing less than \$200,000 equivalent per contract, all under such terms and conditions as the Bank shall specify by notice to the Recipient.

SCHEDULE 2

Description of the Project

The objective of the Project is to enable communities to contribute to combating land degradation in critical areas through the adoption of sustainable land management best practices and the development of adequate capacity, tools and mechanisms by communities.

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 objective:

Part A: Enhancing the Integration of Sustainable Land Management into Local Development Activities

Provision of Micro Grants to Beneficiaries for the carrying out of Micro Projects to support the integration of SLM practices, including in particular activities to reduce soil erosion, improve soil fertility, improve water resources management, improve vegetative cover, improve the management of pastoral resources and preserve biodiversity.

Part B: Institutional Support to Sustainable Land Management

1. Institutional support to land reform process

(a) Strengthening institutional coordination capacity among public stakeholders in particular the National Commission for Environment and Local Development and the Inter Ministerial Committee for the Environment, all through workshops, training, study tours and consulting services; and

(b) Supporting the institutional and legal land reform process, through: (i) preparation and implementation of Landscape Use and Management Plans in Project Target Zones to improve dialogue between local authorities and communities, farmers and herders and other resources users; and (ii) the review and submission for approval of legal text pertaining to land tenure, all through the provision of goods, consulting services and training.

2. Strengthening capacity at local level

(a) Strengthening local stakeholders' capacities to integrate SLM practices in local development, through: (i) sensitization programs and training of Beneficiaries, Technical Support Agencies, Communal Decision Committee and Provincial Decision Committee, as well as public servants involved in Project implementation; (ii) land-use planning diagnostics and targeted environmental studies; (iii) the preparation of methodological tools for the preparation of Landscape Use and Management Plans, all through the provision consulting services and training and study tours; and

(b) Promoting conflict resolution mechanisms among farmers, herders, other users of natural resources and traditional authorities, by strengthening the capacities of the Land Tenure Commissions and the Conflict Resolution Commissions, all through the provision of consulting services and training.

Part C. Project management and coordination, monitoring and evaluation, and communication

1. Supporting: Project implementation and Project coordination (including with other activities and stakeholders in the field of local development); environmental management, financial and fiduciary management, as well as technical audits and financial audits, all through technical advisory services and operating costs, training and the acquisition of equipment for NCU and PPUs.

2. Strengthening monitoring and evaluation capacities under the Project in particular for: monitoring changes on land use and related environmental and social economic impacts; updating and implementing the Geographical Information System; the collection, update and consolidation of data and regular dissemination of monitoring reports; promoting appropriate monitoring instruments at the local level, as well as updating a communication plan, all through the provision of goods, consultant services and training.

* * *

The Project is expected to be completed by September 1, 2010.

SCHEDULE 3

Procurement

Section I. General

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient.

B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than \$500,000 equivalent per contract may be procured under contracts awarded on the basis of National Competitive Bidding.

2. Shopping. Goods and works estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

3. Procurement from UN Agencies. Vehicles estimated to cost less than \$100,000 equivalent per contract may be procured from the Inter-Agency Procurement Services Office (IAPSO).

4. Direct Contracting. Goods and works which the Bank agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.

5. Community Participation. Goods and works required for Part A of the Project shall be procured on the basis of community participation in accordance with the clause 3.17 of the Procurement Guidelines, and the Guidelines for Simplified Procurement and Disbursement for Community-Based Investments dated February 1998, as further detailed in the Project Implementation Manual.

Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$100,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Quality-based Selection. Services for assignments which the Bank agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Selection Under a Fixed Budget. Services for assignments which the Bank agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

3. Least-cost Selection. Services for assignments which the Bank agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. 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, 3.7 and 3.8 of the Consultant Guidelines.

5. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

6. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

Section IV. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for works estimated to cost the equivalent of \$1,000,000 or more procured on the basis of International Competitive Bidding, (b) each contract for goods estimated to cost the equivalent of \$500,000 or more procured on the basis of International Competitive Bidding, (c) all Direct Contracting for works and goods; (d) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$200,000 or more; (e) each contract for consultants' services provided by an individual estimated to cost the equivalent of \$100,000 or more and (f) all contracts for consultant's services awarded under Single Source Selection procedures. All other contracts shall be subject to Post Review by the Bank.

SCHEDULE 4

Implementation Program

A. Project Oversight and Implementation Arrangements

1. Except as the Bank and the Recipient shall otherwise agree, the Recipient shall: (a) apply the criteria, policies, procedures and arrangements set out in the Project Implementation Manual, the Project Administrative, Financial and Accounting Manual and the Project Monitoring and Evaluation Manual in a manner satisfactory to the Bank; and (b) not amend or waive, or permit to be amended or waived, the Project Implementation Manual, the Project Financial and Accounting Manual and the Project Monitoring and Evaluation Manual, or any provision thereof, in a manner which may materially and adversely affect the implementation of the Project.
2. The Recipient shall maintain, at all times during Project Implementation, in form and substance acceptable to the Bank:
 - (a) the SC with the responsibility for: (i) coordinating ongoing project activities; and (ii) mainstreaming of SLM into government policies; and
 - (b) NCU, together with PPU, with the responsibility for coordination and overall implementation of the Project.

3. Annual Consultations

The Borrower shall cause NCU and the PPU to organize annual regional workshops to establish annual priorities for local development activities in conformity with the provisions of the Project Implementation Manual.

4. The Borrower shall ensure that, at all times during the execution of the Project:

- (a) in compliance with the Project Implementation Arrêté, SC shall define and manage the activities under the Project and supervise its implementation, and NCU, in collaboration with the PPU, shall be responsible for the coordination of the Project's implementation;

- (b) the qualifications and experience of the staff within NCU and the PPU, in charge directly or indirectly of the implementation of any parts of the Project, shall be satisfactory to the Association;

- (c) SC, NCU, the PPU, the Provincial Decision Committees and the Communal Decision Committees are established in compliance with the provisions of the Project

Implementation Arrêté and the SC, NCU and PPU shall be maintained with functions and composition satisfactory to the Association; and

(d) the relevant Ministries, Agencies and authorities (in particular MINAGRI; MINEPIA, MINAS; MINATD; MINFOF; MINEP; MINDAF; MINRESI; MINPLAPDAT; MINFIB; MINTP; and FEICOM), shall collaborate with NCU, the PPU, the Provincial Decision Committees and the Communal Decision Committees in compliance with the provisions of the Project Implementation Manual, the Project Administrative, Financial and Accounting Manual, the Project Monitoring and Evaluation Manual, the Environmental and Social Management Framework, and the Indigenous People Development Plan;

(e) Local Development Plans, Communal Development Plans and Landscape Use and Management Plans are prepared in compliance with the provisions of the Project Implementation Manual.

B. Micro-projects and Micro-project Grants

1. No Micro-project shall be eligible for financing out of the proceeds of the Grant unless the relevant Provincial Decision Committees and the Communal Decision Committees, as the case may be, has determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the Project Implementation Manual, that the Micro-project satisfies the eligibility criteria specified below and in more detail in the Project Implementation Manual, which shall include, *inter alia*, the following:

(a) the Micro-project shall be initiated by a Beneficiary and is to be implemented in a Project Target Zone;

(b) the Micro-project shall be for any of the types of activities referred to in Part A of the Project; provided that the Micro-project shall not be for any of the types of activities indicated in the negative list of activities set forth in the Project Implementation Manual;

(c) there is no other source of financing proposing to finance the same activities, it being understood that co-financing is not excluded;

(d) the Micro-project is consistent with applicable national standards and the Local Development Plan or Communal Development Plan, as the case may be;

(e) the legal status of the land on which the Micro-project is to be carried out has been identified;

(f) the Micro-project shall be economically, financially, environmentally, socially, institutionally and technically sound in accordance with the standards specified in the Project Implementation Manual, the Environmental and Social Management Framework and the Indigenous People Development Plan;

(g) an analysis of the social and environmental impacts of the Micro-project shall have been undertaken in compliance with the provisions of the Environmental and Social Management Framework and the Indigenous People Development Plan, and, if applicable, an environmental impact assessment shall have been carried out and any other environmental and social requirements, including mitigation, and rehabilitation measures, provided under the Environmental and Social Management Framework and the Indigenous People Development Plan, shall have been complied with, all in a manner satisfactory to the Bank;

(h) adequate arrangements shall be in place for the financing of maintenance and other incremental recurrent costs related to the Micro-project;

(i) the Micro-project shall be in compliance with the standards set forth in the applicable laws and regulations of the Recipient;

(j) the Beneficiary shall provide at least 10 % of the estimated costs of the Micro-project with at least 2% in the form of financial contribution and the remaining in the form of materials, labor or other services, as specified in the Project Implementation Manual;

(k) no Micro-project Grant shall be in excess of CFAF four million (4,000,000) for a Community Based Organizations Micro-project and CFAF twenty million (20,000,000) for a Commune Micro-project; and

(l) the Beneficiary shall have established a Micro-project Management Committee, or entered into a maintenance agreement and established appropriate mechanisms for further maintenance and financing of the Micro-project.

2. Applications for Community Based Organizations Micro-project Grants to finance Micro-projects shall:

(a) be submitted by the Community Based Organizations to the relevant Communal Decision Committees, for its approval; and

(b) after approval by the Communal Decision Committee, be referred by said Communal Decision Committee for financing to the relevant PPU.

3. Without limitation to other provisions of this Schedule, for Community Based Organizations infrastructure Micro-projects, the Commune on the territory of which the infrastructure is located shall own the infrastructure. The Commune and the relevant Community-Based-Organization shall manage the Micro-project under conditions set up in an agreement to be entered between them, as defined in the Project Implementation Manual and in the Project Administrative, Financial and Accounting Manual.

4. Applications for Commune Micro-project Grants to finance Micro-projects shall:

- (a) be submitted by the Commune to the relevant Provincial Decision Committees for its approval; and
- (b) after approval by the Provincial Decision Committee, be referred by said Provincial Decision Committee for financing to the relevant PPU.

5. The composition of each Micro-project Management Committee shall be as indicated in the Project Implementation Manual. The Technical Support Agencies shall meet the criteria specified in the Project Implementation Manual.

6. Micro-projects shall be carried out pursuant to Financing Agreements, to be concluded between the Recipient and the Beneficiaries, under terms and conditions satisfactory to the Bank, which, inter alia, shall include the following:

- (a) financing to be on a grant basis;
- (b) the obligation to carry out the Micro-project in accordance with the Project Implementation Manual, the Environmental and Social Management Framework and the Indigenous People Development Plan, with due diligence and efficiency and in accordance with sound environmental, social, institutional, technical, financial and managerial standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Micro-project;
- (c) where applicable, the obligation to carry out, in a manner satisfactory to the Recipient and the Bank, any environmental and social mitigation measures in accordance with the provisions of the Environmental and Social Management Framework and the Indigenous People Development Plan;
- (d) the requirement that: (i) the goods, works, and services to be financed from the proceeds of the Micro-project Grant shall be procured in accordance with the procedures set forth in Schedule 3 to this Agreement; and (ii) such goods, works and services shall be used exclusively in the carrying out of the Micro-project;
- (e) the right of 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 operations thereof and any relevant records and documents;
- (f) the right of the Recipient to obtain all information as the Recipient or the Bank shall reasonably request regarding the administration, operations and financial conditions of the Micro-project; and
- (g) the right of the Recipient to suspend or terminate the right of the Beneficiary to use the proceeds of the Micro-project Grant for the Micro-project upon failure by the Beneficiary to perform any of its obligations under the Micro-project Grant Agreement.

7. Section 4.03. The Recipient shall have a technical audit of Micro Projects carried out annually, under terms and conditions satisfactory to the Association by independent technical auditors acceptable to the Association and furnish to the Association as soon as available, but in any case not later than three months after the end of the year a report prepared by said technical auditors on said technical audit.

C. Reports and Mid-Term Reviews

1. 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, not later than January 31, April 30, July 31 and October 31 of each year, or at any other later date agreed upon by the Parties, 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, not later than two weeks after submission of the report referred to in paragraph C.1 (b) above, or such later date as the Bank shall request, the report referred to in paragraph C.1 (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 report and the Bank's views on the matter.

2. Midterm Review

(a) On or about twenty four months after the Effective Date, the Recipient shall carry out jointly with the Bank, SC, NCU, the PPU's, a midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review).

The Midterm Review shall cover, amongst other things:

(i) progress made in meeting the Project's objective; and

(ii) overall Project performance against Project performance indicators.

(b) The Recipient shall cause NCU to prepare and, at least four weeks prior to the Midterm Review, furnish to the Bank a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

(c) The Recipient shall, not later than four weeks after the Midterm Review, prepare and submit to the Bank an action program, acceptable to the Bank, for the further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program. The Bank shall provide its comments on said report within 15 days from its presentation to the Recipient.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories 1 through 5 set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term “Authorized Allocation” means the amount of CFAF 300,000,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) 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 paragraph 4 of this Schedule 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. All such deposits shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. 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.

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

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Recipient directly from the GEF Trust Fund Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) 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 the records and accounts for the Special Account;

(c) 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 the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the 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, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories 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.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) 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 or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special

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

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, 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 paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

7. (a) The Recipient shall withdraw from the Special Account and deposit into each Second Generation Special Account funds to assist each PPU. Such withdrawals and deposits shall be in amounts sufficient to assist each PPU in the manner contemplated in Schedule 1 to this Agreement, provided that, at no time, shall the Borrower cause the amount held in any Second Generation Special Account to exceed CFAF 50,000,000.

(b) Any withdrawal from any Second Generation Special Account must be justified to the Recipient by the same documentation and other evidence regarding eligible expenditures required pursuant to paragraph 3 of this Schedule.

(c) If the Association or the Recipient shall have determined at any time that any amount outstanding in any Second Generation Special Account will not be required to cover further payments for eligible expenditures, the relevant PPU shall, promptly upon notice from the Association or the Borrower, refund to the Special Account such outstanding amount.

SCHEDULE 6

Performance Indicators

1. by the Midterm Review, at least 25,000 ha are under SLM practices in Project Target Zones;
2. by the Midterm Review, at least 20 communal Micro-projects and 60 community Micro-projects have been approved and are being implemented;
3. by the Midterm Review, at least 2,000 ha of protected area boundaries, buffer zones, and riparian zones have been rehabilitated through SLM practices in the Project Target Zones;
4. by the Midterm Review, at least 2 Landscape Use and Management Plans have been prepared and implemented at the communal level;
5. by the Midterm Review, 3 conflict resolution frameworks are operational at the communal level, through Land Tenure Land Tenure Commissions and the Conflict Resolution Commissions;
6. by the Project completion, at least 50,000 ha are under SLM practices in the Project Target Zones;
7. by the Project completion, the land fertility as measured through: (i) pH-H₂O (ii) available P₂O₅; (iii) Exchangeable Al³⁺ rate; (iv) organic carbon rate and (v) erosion rate, has increased;
8. by the Project completion, at least 60 communal Micro-projects and 150 community Micro-projects have been approved and are being implemented;
9. by the Project completion, at least 10 SLM best practices and lessons have been identified in a participatory manner, and are regularly disseminated;
10. by the Project completion, at least 3 community forests are being managed in a sustainable manner in the Project Target Zones;
11. by the Project completion, at least 5,000 ha of protected area boundaries, buffer zones and riparian zones have been rehabilitated through SLM practices in the Project Target Zones;

12. by the Project completion, the National Commission for Environment and Sustainable Development and the Inter Ministerial Committee for the Environment are functional in promoting sound SLM policies and strategies;
13. by the Project completion, at least 5 Landscape Use and Management Plans have been prepared and are being implemented at the communal level;
14. by the Project completion, at least 10 conflict resolution frameworks are operational at the communal level, through Land Tenure Land Tenure Commissions and the Conflict Resolution Commissions;
15. by the Project completion, a GIS database on land and natural resources is in place and is being used; and
16. by the Project completion, a study has been carried out on the sustainability and legal status of Land Use and Management Plans.