

Public Disclosure Authorized

**CONFORMED COPY**

**GRANT NUMBER H025 NIR**

# **Development Grant Agreement**

**(Community Action Program Support Project)**

**between**

**REPUBLIC OF NIGER**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated March 28, 2003**

Public Disclosure Authorized

**GRANT NUMBER H025 NIR**

**DEVELOPMENT GRANT AGREEMENT**

AGREEMENT, dated March 28, 2003, 2003, between the REPUBLIC OF NIGER (the Recipient) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested the Association to assist in financing the Project;

(B) the Association has received from the Recipient a letter dated February 7, 2003, describing a program of objectives and actions designed to support the implementation of the Recipient's decentralization and local development policy (the Program) and declaring the Recipient's commitment to the execution of the Program;

(C) the Recipient has requested that the Association assist in the financing of the Program through a series of grants or credits over a period of approximately twelve years to be utilized by the Recipient in the implementation of the Program;

(D) the Recipient has also requested the International Bank for Reconstruction and Development (the Bank), acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the Global Environment Facility Trust Fund (the GEF Trust Fund) by certain members of the Bank as participants to the GEF, to provide additional assistance towards the financing of the Project, and by the GEF Trust Fund Grant Agreement (the GEF Grant Agreement) of even date herewith between the Recipient and the Bank, the Bank is making a grant in an aggregate principal amount equivalent to US\$4,000,000 (the GEF Grant);and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend a grant (the Development 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 Development Credit Agreements of the Association, 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) Article II;
  - (iii) Section 3.01 and 3.05;
  - (iv) Sections 4.01, 4.02, 4.04, 4.05 and 4.06;
  - (v) Article V;
  - (vi) Sections 6.01, 6.02, 6.03, 6.04 and 6.06;
  - (vii) Article VIII;
  - (viii) Article IX;
  - (ix) Article X;
  - (x) Article XI; and
  - (xi) Article XII
- (b) The General Conditions shall be modified as follows:
- (i) the term "Borrower", wherever used in the General Conditions, means the Recipient;
  - (ii) the term "Development Credit Agreement" wherever used in the General Conditions, means this Development Grant Agreement;
  - (iii) the term "Credit" and "credit", wherever used in the General Conditions, means the Grant; and
  - (iv) the term "Credit Account", wherever used in the General Conditions, means the Development Grant Account.

- (v) the term: “Principal and Service Charges”, wherever used in the General Conditions, means commitment charges.
- (vi) Paragraph (c) of Section 9.06 is modified to read as follows:
  - (c) Not later than six months before the Closing Date or such later date as may be agreed upon for this purpose between the Recipient and the Association, the Recipient shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Recipient and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the objectives of the Credit."
- (vii) Section 12.05 is modified to read as follows:

This Development Grant Agreement and all obligations of the parties thereunder shall terminate on the date seven calendar years following the Closing Date.

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), which has met the eligibility criteria specified in Section III (2) of Schedule 4 to this Agreement and in the Project Implementation Manual (as hereinafter defined) and, as a result, has been extended, or is to be extended, a Matching Grant (as hereinafter defined) for the carrying out of a Micro-project (as hereinafter defined); and “Beneficiaries” means each such Beneficiary collectively;

(b) “*Commune*” means a territorial and administrative subdivision within a Region (as hereinafter defined), and “Participating *Communes*” means the set of *Communes* selected to participate in the Project;

(c) “Communities” means groups of socially cohesive local populations in the *Communes*;

(d) “Community-Based Organization” or “CBO” means a group of community members established and operating in a *Commune* under the laws of the Recipient;

(e) “Community-Based Integrated Ecosystem Management” or “CBIEM” means a community-based participatory process carried out under the Project and aimed at identifying the linkages between poverty reduction and the integrated management of natural resources, and at maintaining the various types of production functions of ecosystems;

(f) “Deposit” means the deposit referred to in Section 3.03 (b) of this Agreement;

(g) “Environmental Management Plan” or “EMP” means the Recipient’s document dated May 26, 2002 containing the set of mitigation, enhancement, monitoring, and institutional measures that have been identified by the Recipient to eliminate any adverse environmental and social impacts related to Project activities, offset them, or reduce them to acceptable levels, or to enhance positive impacts;

(h) “European Union”, means the European Union having adopted as single currency the Euro, in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

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

(j) “FCFA” means *Franc de la Communauté Financière Africaine*, the currency of the Borrower;

(k) “Fiscal Year” means the fiscal year of the Recipient commencing January 1 and ending December 31 in the same year;

(l) “GEF Grant Agreement” means the agreement of even date herewith between the Recipient and the Bank for the Project, as such agreement may be amended from time to time, and such term includes all schedules and agreements supplemental to the GEF Grant Agreement;

(m) “HCRAD” means *Haut Commissariat de Réforme Administrative et Décentralisation*, the Recipient’s High Commission for Administrative Reform and Decentralization;

(n) “Local Development Plan” or “LDP” means each plan prepared by Communities through the participatory needs assessment process under Part A of the Project and approved by the respective Project Approval Committee (as hereinafter defined), aimed at identifying the developmental problems faced by Communities and proposing a set of measures for promoting local community development;

(o) “Local Government” means a local authority charged with the governance of a *Commune* under the laws of the Recipient;

(p) “Matching Grant” means a grant made or proposed to be made by an RCU (as hereinafter defined) or a Local Government out of the proceeds of the Development Grant to a Beneficiary for the purpose of financing a Micro-project;

(q) “Matching Grant Agreement” means an agreement between, or intended to be concluded between, an RCU (as hereinafter defined) or a Local Government, as the case may be, and a Beneficiary, setting forth the terms and conditions under which a Matching Grant shall be made available to the Beneficiary for the purpose of financing a Micro-project, (as hereinafter defined);

(r) “Micro-project” means specific activities carried out or to be carried out by a Beneficiary and financed or proposed to be financed through a Matching Grant under Part C of the Project;

(s) “MAD” means the Recipient’s Ministry of Agricultural Development ;

(t) “National Coordination Unit” or “NCU” means the unit referred to in Section II (2) of Schedule 4 to this Agreement;

(u) “NGO” means a non-governmental organization established and operating under the laws of the Recipient, and “NGOs” means several of such organizations;;

(v) “Project Account” means the account referred to in Section 3.03 of this Agreement;

(w) “Project Approval Committee” means the committee referred to in Section III (2) of Schedule 4 to this Agreement, established or to be established in each Participating *Commune* for the purpose of reviewing and approving LDPs under Part A of the Project and Micro-projects under Part C of the Project, and composed of representatives of the Recipient’s sectoral ministries, Local Governments, and civil society and Beneficiaries ;

(x) “Project Implementation Manual” or “PIM” means the manual referred to in Section I of Schedule 4 to this Agreement, and such term includes any schedules to the Project Implementation Manual;

(y) “Project Preparation Advance” means the project preparation advance granted by the Association to the Recipient pursuant to: (i) the letter agreement signed on behalf of the Association on August 28, 2000 and on behalf of the Recipient on September 13, 2000; and (ii) the letter agreement signed on behalf of the Association on August 19, 2002 and on behalf of the Recipient on September 16, 2002 ;

(z) “Project Steering Committee” or “PSC” means *Comité de Pilotage*, the committee referred to in Section II (1) of Schedule 4 to this Agreement;

(aa) “Region” means each of the eight administrative regions of the Recipient’s territory established under the laws of the Recipient;

(bb) “Regional Coordination Unit” or “RCU” means each of the units referred to in Section II (3) of Schedule 4 to this Agreement;

(cc) “Special Account” means the special deposit account opened for withdrawals by the Recipient in respect of expenditures made under the Project and referred to in Section 2.02 (b) of this Agreement; and

(dd) “90-day Advance Account” means any of the advance accounts referred to in Section 2.02 (b) (ii) of this Agreement.

## **ARTICLE II**

### **The Development Grant**

Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to twenty-five million four hundred thousand Special Drawing Rights (SDR 25,400,000).

Section 2.02. (a) The amount of the Development Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for carrying out the Project and to be financed out of the proceeds of the Development Grant; and (ii) amounts paid (or, if the Association shall so agree, to be paid) on account of withdrawals made under Matching Grants in respect of the reasonable costs of goods, works and services required for Micro-projects to be financed under Part C of the Project, and in respect of which the withdrawal from the Development Grant Account is requested.

(b) The Recipient may, for the purposes of the Project, open and maintain in FCFA: (i) a special deposit account ( the Special Account) in the name of the NCU; and (ii) eight 90-Day Advance Accounts in the name of each RCU, all in commercial banks on terms and conditions satisfactory to the Association, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account and each of the 90-Day Advance Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Recipient, withdraw from the Development Grant Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn

balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be June 30, 2007, or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

Section 2.04. (a) The Recipient shall pay to the Association a commitment charge on the principal amount of the Development Grant not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Recipient from the Development Grant Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.04 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Recipient; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. Commitment charges shall be payable semiannually on May 15 and November 15 in each calendar year.

Section 2.06 The currency of the European Union is hereby specified for the purposes of Section 4.02 of the General Conditions.



### 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 administrative, financial, environmental and engineering practices, 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 Association 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 Association 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 Development Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. Without limitation upon the provisions of Section 3.01 (a) of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall, for the purposes of making available its counterpart contribution to the financing of the Project:

(a) open and maintain, until the completion of the Project, a Project Account in FCFA in a commercial bank on terms and conditions satisfactory to the Association;

(b) promptly thereafter make an initial Deposit into the Project Account, in an amount of FCFA 20,000,000, to finance the Recipient's initial contribution to the expenditures of the Project; and

(c) thereafter, at semiannual intervals, deposit into the Project Account the amounts required to finance the Recipient's contribution for expenditures under the Project for the ensuing six-month period, as shall be agreed upon between the Recipient and the Association; and

(d) ensure that the amounts deposited into the Project Account shall be used exclusively to finance expenditures under the Project other than those financed from the proceeds of the Development Grant.

## ARTICLE IV

### Financial Covenants

Section 4.01. (a) The Recipient shall maintain, or cause to be maintained, a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account and the 90-day Advance Accounts for each Fiscal Year audited, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such Fiscal Year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts, and the report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning such records, accounts and financial statements and the audit thereof, and concerning said auditors, as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Development 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 Association has received the audit report for the Fiscal Year in which the last withdrawal from the Development Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

- (iii) enable the Association'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, and the Recipient's progress reporting obligations set out in Section IV of Schedule 4 to this Agreement, the Recipient shall prepare and furnish to the Association a Financial Monitoring Report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Development 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 Financial Monitoring Report shall be furnished to the Association 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 Financial Monitoring Report shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Remedies of the Association**

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

(a) A situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

(b) The regulation or regulations, as the case may be, establishing NCU and the RCUs shall have been amended, abrogated, repealed or waived so as to, in the opinion of the Association, materially and adversely affect the ability of the NCU or any of the RCUs to perform any of its respective obligations in the pursuit of the objectives of the Project.

(c) (i) Subject to subparagraph (ii) of this paragraph, the right of the Recipient to withdraw the proceeds of the GEF Grant made to the Recipient for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the GEF Grant Agreement.

(ii) Subparagraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that: (A) such suspension, cancellation or termination is not caused by the failure of the Recipient to perform any of its obligations under the GEF Grant Agreement; and (B) 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 this Agreement within the meaning of Section 12.01 (b) of the General Conditions:

- (a) The Recipient has
  - (i) furnished to the Association the Project Implementation Manual, and the Environmental Management Plan, both in form and substance satisfactory to the Association;
  - (ii) established the PSC, and the NCU, referred to in Section II of Schedule 4 to this Agreement;
  - (iii) appointed the NCU staff referred to in Section II (2) (c) of Schedule 4 to this Agreement in accordance with the provisions of Section II of Schedule 3 to this Agreement;
  - (iv) transferred the Deposit into the Project Account; and
  - (v) established a financial management and accounting system for the Project satisfactory to the Association; and

(b) the GEF Grant Agreement has been duly executed and ratified and all conditions precedent to its effectiveness, except only the effectiveness of this Agreement, have been fulfilled.

Section 6.02. The following is specified as additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely that the GEF Grant Agreement has been duly authorized, signed, ratified and published by the Recipient and is legally binding in accordance with its terms.

Section 6.03. The date one hundred and eighty (180) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## **ARTICLE VII**

### **Representative of the Recipient; Addresses**

Section 7.01. The Minister of the Recipient at the time responsible for finance is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02 The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance and Economy  
BP 389  
Niamey  
Republic of Niger

Facsimile:

(227) 73 59 34

For the Association:

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

Cable address:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI) or  
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 the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF NIGER

By /s/ Joseph Diatta

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto E. Madavo

Authorized Representative

**SCHEDULE 1**

**Withdrawal of the Proceeds of the Development Grant**

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

| <u>Category</u>                                 | <u>Amount of the<br/>Development Grant Allocated<br/>(Expressed in<br/>SDR Equivalent)</u> | <u>% of<br/>Expenditures<br/>to be Financed</u>                     |
|---|--|---|
| (1) Civil Works                                 | 120,000  | 80%   |
| (2) Goods                                       | 1,500,000  | 100% of foreign<br>expenditures and<br>80% of local<br>expenditures |
| (3) Consultants' services,                      | 1,700,000  | 85% of foreign<br>expenditures and<br>80% of local<br>expenditures  |
| (4) Training                                    | 2,200,000  | 100%  |
| (5) Matching Grants under Part C of the Project | 16,300,000   | 100% of amounts<br>disbursed  |
| (6) Operating Costs                             | 2,910,000  | 90%   |
| (7) Refunding of Project Preparation Advance    | 670,000  | Amount due pursuant<br>to Section 2.02 (c) of<br>this Agreement     |
| TOTAL   | <hr/>  |   |
|   | 25,400,000   |   |
|   | =====  |   |

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; 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”; and

(c) the term “ Operating Costs” means the incremental expenses incurred by the NCU and the RCUs on account of office supplies and maintenance, administrative support, communication, insurance and utility services, travel and associated subsistence allowances, vehicle operation and maintenance costs, rental expenses, banking charges, and salaries for contractual and temporary staff except the staff referred to in Section II (2) (c) and Section II (3) (c) of Schedule 4 to this Agreement, but excluding salaries of officials of the Recipient’s civil service.

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

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

(b) expenditures under Category (5) of the table set forth under paragraph 1 of this Schedule 1, for any Matching Grant, unless such Matching Grant has been made in accordance with the provisions set forth in Section III of Schedule 4 to this Agreement and with the PIM and the EMP, and a Matching Grant Agreement, on the terms and conditions specified in Section III of Schedule 4 to this Agreement and in the PIM and the EMP, has been duly executed by and is binding on the parties thereto, and has become effective.

4. The Association may require withdrawals from the Development Grant Account to be made on the basis of statements of expenditure for expenditures for: (i) works, goods and services of consulting firms under contracts costing less than \$100,000 equivalent each; (ii) services of individual consultants under contracts costing less than \$50,000 equivalent each; and (iii) Matching Grants, training, and operating costs, all under such terms and conditions as the Association shall specify by notice to the Recipient.

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

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to: (i) assist the Recipient to design and implement decentralized, participatory and transparent financing mechanisms that enable Communities and Local Governments to carry out their own development plans; and (ii) promote Community-based Integrated Ecosystem Management, and foster multiple global environmental benefits.

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

#### Part A: Community Support

Building capacity of Communities, CBOs and other local institutions within selected *Communes*, through the introduction and implementation of decentralized and participatory development planning procedures, to: (i) conduct community needs assessments, including assessment of linkages between poverty reduction and the integrated management of natural resources; (ii) prepare LDPs; and (iii) design and implement Micro-projects, all through the provision of technical advisory services, training, workshops and the acquisition of equipment.

#### Part B: Local Governance Support

(1) Strengthening the capacity of Local Governments in selected *Communes* to: (i) develop and carry out administrative and fiscal management procedures; (ii) develop and implement effective procedures for consultation and communication with their constituents; and (iii) administer Matching Grants, and

(2) Strengthening the capacity of HCRAD and the Recipient's ministries responsible for decentralization to accelerate the process of decentralization through: (i) carrying out of studies and a public communication program regarding the legal and regulatory framework for decentralization; and (ii) planning for de-concentration of staff and resources to all levels of Local Government, all through the provision of technical advisory services, training, workshops and the acquisition of equipment.

#### Part C: Matching Grants

Provision of Matching Grants to Beneficiaries to implement Micro-projects, including but not limited to, Micro-projects in the following areas:

(a) natural resource management (soil fertility control, erosion control, tree plantings and nurseries, fuelwood), including CBIEM;

- (b) production of crops, fish, and livestock (irrigation, gardening, seedling production, livestock fattening, cereal banks, fish farming, food processing, stock raising, beekeeping);
- (c) water and sanitation (wells, boreholes);
- (d) education (village schools, literacy programs);
- (e) health (clinics, health posts, disease prevention); and
- (f) rural transport (rehabilitating local roads);

Part D: Poverty and Environmental Monitoring

(1) (a) Provision of technical advisory services to, and the acquisition of equipment for selected research institutes, and statistical entities of the Recipient to: (i) create an initial spatial assessment of the levels and trends of poverty, quality of ecosystem and natural resources, and community access to social and economic services; and (ii) develop a strategy for sharing, using and maintaining poverty and environmental data;

(b) Provision of technical advisory services, training, workshops for the development of a national poverty monitoring system integrating several of the Recipient's socio-economic and natural resources databases into a spatial geographic information system, including the incorporation of the extended monitoring and evaluation system under the Recipient's *Programme d'Action National de Lutte contre la Désertification et de Gestion des Ressources Naturelles*" dated November 2000, and the acquisition of equipment;

(2) Provision of technical advisory assistance to Communities to: (i) collect and analyze data for purposes of monitoring Micro-projects and evaluating the effect of the Project; and (ii) adjust LDPs based on the monitoring results.

Part E: Project Management Support

Provision of technical advisory services to, and workshops for NCU and RCUs to: (i) train NCU and RCUs staff; (ii) carry out the operational planning, procurement, accounting, monitoring, evaluation and internal audit of the Project; (iii) coordinate Project activities and liaise with other donors, agencies and the public; and (iv) develop

and disseminate information on Project activities; and acquisition of equipment to NCU and RCUs, and carrying out of works for the RCUs in Agadez, Diffa and Tahoua.

\* \* \*

The Project is expected to be completed by December 31, 2006.

### **SCHEDULE 3**

#### **Procurement**

##### 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), the criteria set forth in the Bank’s Guidelines for Simplified Procurement and Disbursement for Community-Based Investments dated February 1998, 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 provision 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 goods shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

###### Part C: Other Procurement Procedures

###### 1. National Competitive Bidding

Works estimated to cost less than \$160,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, and goods estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

###### 2. International or National Shopping

Goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, may be procured under contracts

awarded on the basis of international or national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement from UN Agencies

(a) Goods estimated to cost less than \$50,000 equivalent per contract, or goods estimated to cost more than \$50,000 and which cannot be grouped into bid packages of \$100,000 or more, may be procured from the Inter Agency Procurement Services Office of the United Nations in accordance with the provisions of paragraph 3.9 of the Guidelines.

4. Community Participation

Goods and works required for Part C of the Project may be procured in accordance with procedures set forth in the PIM.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association 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 Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods estimated to cost the equivalent of \$200,000 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 Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1

of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Section.

Part B: Quality- and Cost-based Selection

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

2. The following provision shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph: the short list of consultants for services estimated to cost less than \$50,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 and footnote 8 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for the carrying out of financial audits of the Project and other services of a standard nature estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection based on Consultants Qualifications

Services for small assignments to be delivered by consulting firms and costing less than \$50,000 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 of individual consultants for small studies, short-term assignments, project implementation and other services of a standard nature shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

4. Procurement from UN Agencies

Services for Part B of the Project may be procured from the United Nations Capital Development Fund in accordance with the provisions of paragraph 3.13 of the Guidelines.

Part D: Review by the Association of the Selection of Consultants



1. Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Association for its review and approval prior to the issuance to consultants of any requests for proposals. Such plan shall be updated every 6 months during the execution of the Project, and each such updating shall be furnished to the Association for its review and approval. Selection of all consultants' services shall be undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Association.

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 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

3. Post Review

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

## SCHEDULE 4

### Implementation Program

#### Section I. Implementation Arrangements

1. The Recipient shall: (i) carry out the Project in accordance with the PIM and the EMP, the said PIM being subject from time to time to modification by agreement between the Recipient and the Association; and (ii) except as the Association shall otherwise agree, not amend, abrogate or waive any provision of the PIM and the EMP which, in the opinion of the Association, may materially and adversely affect the implementation of the Project or the achievement of the objectives thereof.

2. Without limitation upon the provisions of Paragraph 1 of this Section, the PIM shall include regulations pertaining to: (a) Project monitoring and evaluation; (b) procurement; (c) financial management; (d) a Matching Grants eligibility and procedures; and (e) such other administrative, financial, technical and organizational arrangements as shall be required for the carrying out of the Project;

#### Section II. Institutional Arrangements

##### 1. Project Steering Committee

(a) The Recipient shall maintain, until the completion of the Project, a Project Steering Committee, in form and with membership, functions, staffing and resources satisfactory to the Association.

(b) Without limitation upon the provisions of paragraph 1 (a) of this Section, the PSC shall be responsible for, *inter alia*: (i) carrying out annual reviews of proposals, work plans and budgets prepared by the NCU and ensuring their consistency with the Program; (ii) reviewing progress made towards achieving the Project's objectives; (iii) facilitating the coordination of Project activities among the entities represented in the PSC, and making recommendations for removal of any obstacles to the implementation of the Project; and (iv) providing comments on reports and reviews prepared by the NCU for the benefit of the Association.

(c) Without limitation upon the provisions of paragraph 1 (a) of this Section the PSC shall meet at regular intervals to review the carrying out of Project activities and their compliance with the strategy set forth in the Program and invite, as appropriate, representatives of other donors to assist at any one said meeting.

(d) Without limitation upon the provisions of paragraph 1 (a) of this Section, the PSC shall be headed by a Chairperson representing MAD, and be composed of members duly representing the following entities: (i) the Ministry of Finance and Economy; (ii) the Ministry of Interior and Decentralization; (iii) the Ministry of Water

Resources, Environment and Desertification; (iv) the Ministry of Health; (v) the Ministry of Education; (vi) the Ministry of Community Development; (vii) the Ministry of Social Development, Population, Promotion of Women and Protection of Children; (viii) the Ministry of Equipment and Infrastructure; (ix) HCRAD; (x) the NCU National Coordinator; and (xi) representatives of other central governmental agencies, Local Governments, or Beneficiaries, as the case may be.

## 2. National Coordination Unit

(a) The Recipient shall maintain at MAD, until the completion of the Project, a National Project Coordination Unit, in form and with functions, staffing and resources satisfactory to the Association.

(b) Without limitation upon the provisions of paragraph 2 (a) of this Section, the NCU shall be responsible for the overall administration, coordination, environmental management, financial management, procurement, monitoring and evaluation of the Project;

(c) Without limitation upon the provisions of paragraph 2 (a) of this Section, the NCU shall consist of the following staff with terms of reference, qualifications and experience satisfactory to the Association: (i) a national coordinator; (ii) an administrative and financial management specialist; (iii) an accountant; (iv) a community development specialist; (v) a procurement specialist; (vi) an environmental specialist; (vii) a specialist in local governance; and (viii) a monitoring and evaluation specialist.

## 3. Regional Coordination Units

(a) The Recipient shall maintain, until the completion of the Project, Regional Coordination Units in each of the Recipient's eight Regions, in form and with functions, staffing and resources satisfactory to the Association.

(b) Without limitation upon the provisions of paragraph 3 (a) of this Section, the RCUs shall be responsible, under the guidance of the NCU, for the day-to-day administration, coordination, environmental management, financial management, procurement, and monitoring of Project activities in their respective Regions.

(c) Without limitation upon the provisions of paragraph 3 (a) of this Section, each RCU shall consist of the following staff with terms of reference, qualifications and experience satisfactory to the Association: (i) a regional coordinator; (ii) an accountant; (iii) a program planning specialist; (iv) a communications specialist; (v) a local governance specialist for each of the Regions Tahoua, Zinder and Niamey; and (vi) a monitoring and evaluation specialist.

## Section III. Matching Grants

1. General

(a) Without limitation upon the provisions of Section I of this Schedule, the Recipient shall appraise, approve, and monitor the Micro-projects, and administer the Matching Grants under Part C of the Project in accordance with the provisions and procedures set forth in this Section III and in more detail in the PIM and the EMP.

(b) The Recipient shall exercise the responsibilities under paragraph 1 (a) of this Section initially through the RCUs, and eventually through the Local Governments, provided that the latter: (i) have been officially constituted pursuant to the laws of the Recipient; and (ii) have attained the necessary level of capacity to administer the Matching Grants, satisfactory to the Association and the Recipient.

2. Eligibility Criteria and Procedures for Micro-projects

(a) No proposed Micro-project shall be eligible for financing under a Matching Grant out of the proceeds of the Development Grant unless the respective Project Approval Committee and the respective RCU or Local Government, as the case may be, have determined, on the basis of an appraisal conducted in accordance with this Section and the guidelines set forth in the PIM and the EMP, that the proposed Micro-project satisfies the eligibility criteria specified below and in more detail in the PIM and the EMP, which shall include, *inter alia*, the following:

- (i) the proposed Micro-project shall be initiated by a CBO which meets the eligibility criteria specified in the PIM, and such CBO shall be eligible for subsequent Matching Grants if it has completed the Micro-project satisfactorily to the Recipient and the Association;
- (ii) the proposed Micro-project shall be for, but not limited to, activities such as set forth Part C of Schedule 2 to this Agreement and further detailed in the PIM;
- (iii) the investment cost of each proposed Micro-project shall not exceed the amount of US\$25,000 equivalent, except as previously agreed with the Association; and
- (iv) the financing of the proposed Micro-project shall be fully covered by the sum of the Matching Grant and the Beneficiary's contribution.

(b) The following procedures shall be followed in processing CBO applications for Matching Grants:

- (i) the proposed Micro-project shall be identified and assessed by the Communities through the participatory community needs assessments referred to in Part A of the Project;
- (ii) the proposed Micro-project shall be approved by the respective Project Approval Committee on the basis of a technical appraisal of its compatibility with the LDPs referred to in Part A of the Project and with the Recipient's national policies and standards on health, education, transport, environment and agriculture, as applicable; and
- (iii) the Micro-project approved under subparagraph (ii) above shall then be reviewed by the respective RCU or Local Government, as the case may be, based on compliance with the eligibility criteria and the financial, procurement, and environmental guidelines and procedures set forth in the PIM and the EMP.

3. Terms and Conditions of Matching Grants

(a) A Micro-project shall be carried out pursuant to a Matching Grant Agreement, to be concluded between the respective RCU or Local Government, as the case may be, on behalf of the Recipient, and the Beneficiary, under terms and conditions described in more detail in the PIM and the EMP and satisfactory to the Association, which, *inter alia*, shall include the following:

- (i) the obligation of the Beneficiary to contribute, in cash or in-kind, at least 10% of the projected Micro-project costs, and at least 5% of the projected costs for CBIEM-related Micro-projects;
- (ii) the obligation of the Beneficiary to: (A) carry out the Micro-project with due diligence and efficiency and in accordance with sound environmental, engineering, financial, and managerial practices; and (B) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Micro-project;
- (iii) the requirement that the goods, works and consultants' services to be financed from the proceeds of the Matching Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement, and shall be used exclusively in the carrying out of the Micro-project;

- (iv) the right of the RCU or the Local Government, on behalf of the Recipient, and of the Recipient in its own right, to: (i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Micro-project, the operations thereof and any relevant records and documents; (ii) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of Micro-projects; and (iii) suspend or terminate the right of any Beneficiary to use the proceeds of the Matching Grant upon failure by the Beneficiary to perform any of its obligations under the Matching Grant Agreement.

(b) The RCU, the Local Government or the Recipient, as the case may be, shall exercise its rights under the Matching Grant Agreement in such manner as to protect its interests and the interests of the Association and to accomplish the purposes of the Project, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Matching Grant Agreement or any substantial provision thereof.

#### Section IV. Monitoring and Reporting Arrangements

1. The Recipient shall maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 6 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof.

#### 2. Progress reports and reviews

(a) The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on a annual basis until the completion of the Project, for the first time fifteen months following the Effectiveness Date, or at such other date as the Recipient and the Association shall agree upon, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 1 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.

(b) The Recipient shall review with the Association the reports referred to in paragraph 2 (a) of this Section, on or about the date one month after the submission of said reports, or such later date as the Association shall request, 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 said reports and the Association's views on the matter.

3. Midterm Review

(a) The Recipient shall carry out jointly with the Association, on or about the date twenty-four (24) months after the Effective Date, a comprehensive review (Midterm Review) aimed at: (i) documenting progress toward Project objectives; (ii) identifying and resolving obstacles to Project implementation; and (iii) adjusting, in agreement with the Association, targets and corresponding programs to reflect progress achieved in the implementation of the Project as of the date of the review. The Recipient shall invite the PSC, the NCU, the RCUs to participate, and take all actions it considers necessary to ensure the participation of representatives of CBOs, Beneficiaries and donors interested in the implementation of the Program in such Midterm Review.

(b) The Recipient shall, not later than six weeks prior to the review referred to in paragraph 3 (a) of this Section, furnish to the Association a midterm report, in such detail as the Association shall reasonably request, including an evaluation of the progress achieved in Project implementation.

(c) Promptly after completing the midterm review, the Recipient shall take all measures required to fulfill the recommendations arising out of said review, with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

Section V: Other Conditions

The Recipient shall, by the date November 30 2003 at the latest, have employed the independent auditors referred to in Section 4.01 (b) of this Agreement in accordance with the provisions of Section II of Schedule 3 to this Agreement.

Section VI: Other obligations

The Borrower shall, at the latest by September 30, 2003, have appointed the independent auditors referred to in Section 4.01 (b) of this Agreement, under terms and conditions acceptable to the Association, in accordance with the provisions of Section II of Schedule 3 to this Agreement.

## **SCHEDULE 5**

### **Special Account**

1. For the purposes of this Schedule:
  - (a) the term “eligible Categories means Categories (1) through (6) 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 Development 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 an amount of FCFA 2,000,000,000 to be withdrawn from the Development Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount of FCFA 1,000,000,000 until the aggregate amount of withdrawals from the Development Grant Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of seven million Special Drawing Rights (SDR 7,000,000).
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 Association 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 Association 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 Association shall, on behalf of the Recipient, withdraw from the Development 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 Association requests for deposits into the Special Account at such intervals as the Association shall specify.
    - (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Association 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 Association shall, on behalf of the Recipient, withdraw from the 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 Association from the 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 Association shall reasonably request, furnish to the Association 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 Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Recipient directly from the Development 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 Association, 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 Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account or any of the 90-Day Advance Accounts;

(c) if, at any time, the Association 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 Development Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Development Grant allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Development Grant Account of the remaining unwithdrawn amount of the Development Grant allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Recipient. Such

further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account and any of the 90-Day Advance Accounts as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account or any of the 90-Day Advance Accounts: (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 Association, the Recipient shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association 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 Association shall have determined at any time that any amount outstanding in the Special Account or any of the 90-Day Advance Accounts will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Recipient may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account and in any of the 90-Day Advance Accounts.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Development Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

7. 90-Day Advance Accounts:

(a) The Recipient shall cause NCU to withdraw from the Special Account and deposit into each 90-Day Advance Account sufficient funds to facilitate the implementation of the Project, provided that the Recipient shall at no time cause the amount held in any 90-Day Advance Account to exceed FCFA 50,000,000 each.

(b) Payments out of the 90-Day Advance Accounts shall only be made for eligible expenditures in respect of Categories (1) through (6) set forth in the table in Schedule 1 to this Agreement.

(c) Any withdrawal from any 90-Day Advance Account shall be justified by the same documentation and other evidence regarding eligible expenditures provided for under paragraph 3 of this Schedule.

(d) If the Association or the Recipient shall have determined at any time that any amount outstanding in any 90-Day Advance Account will not be required to cover further payments for eligible expenditures, the relevant RCU shall, promptly upon notice from the Association or the Recipient, refund to the Special Account such outstanding amount.

## **SCHEDULE 6**

### **Performance Indicators**

(1) Community-level institutional capacity:

At the Closing Date, 75 percent of participating Communities in selected Communes have produced Local Development Plans which integrate the management of ecosystems and are approved by the relevant agencies.

(2) Government institutional capacity:

At the Closing Date, 80 percent of the participating Government authorities in selected Communes will have completed training in administrative and fiscal management procedures and in integrated ecosystem development planning.

At the Closing Date, 30 per cent of the participating Local Government authorities are judged eligible by the Association and the Recipient for the management of Matching Grants to finance the Local Development Plans of their constituent communities

(3) Financial Investment in Integrated Local Development

At the closing date, 60 percent of participating communities will have executed Micro-projects financed by the Matching Grant and within the framework of their Local Development Plans.

(4) Government and Community Level Institutional Capacity for Poverty and Ecosystem Monitoring

At the Closing Date, a national cross-sectoral and gender-responsive poverty and ecosystem monitoring system has been established and is utilized in many aspects of Project supervision.

(5) Program Management

At the Closing Date, 80% of the contracts signed between the RCUs and the Community-Based Organizations were implemented within specified deadlines and according to Project rules.