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**GRANT NUMBER H423-NE**

# **Financing Agreement**

**(Community Action Program Support Project 2)**

**between**

**REPUBLIC OF NIGER**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated September 25, 2008**

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**GRANT NUMBER H423-NE**

**FINANCING AGREEMENT**

AGREEMENT dated September 25, 2008, between REPUBLIC OF NIGER (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

WHEREAS: (A) Pursuant to the GEF Grant Agreement (as defined in the appendix to this Agreement), IBRD, acting as Implementing Agency for the GEF (as defined in the appendix to this Agreement), is providing the GEF Grant (as defined in the appendix to this Agreement) to the Recipient, for the financing of a portion of the Project (as hereinafter defined);

(B) The proceeds of the GEF Grant, and those of the Financing provided pursuant to Article II of this Agreement, shall finance activities under each of the components of the Project in part on a parallel basis, and in part on a *pari passu* basis, as agreed among the Recipient, the Association and IBRD, and reflected in each Annual Work Program (as defined in the Appendix to this Agreement) prepared by the Recipient and approved by the Recipient and the Association on one hand, and the Recipient and IBRD on the other hand, in accordance with the terms and conditions of this Agreement and the GEF Grant Agreement, respectively.

THE PARTIES HERETO NOW AGREE AS FOLLOWS:

**ARTICLE I – GENERAL CONDITIONS; DEFINITIONS**

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

**ARTICLE II —FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to eighteen million five hundred thousand Special Drawing Rights (SDR 18,500,000) (“Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are April 1 and October 1 in each year.
- 2.05. The Payment Currency is the Euro.

### **ARTICLE III —PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following:
  - (a) As a result of an event which has occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Program, or a substantial part of the Program, can be carried out.

### **ARTICLE V – EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following:
  - (a) The Recipient has recruited four internal controllers and one procurement specialist for the Project, each with the terms of reference, qualifications and experience satisfactory to the Association.

- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE VI – REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is the minister of the Recipient at the time responsible for finance.

6.02. The Recipient's Address is:

Minister of Economy and Finance  
Ministry of Economy and Finance  
B.P. 389  
Niamey  
Republic of Niger

Facsimile:

227 20 73 59 34

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI) or  
64145 (MCI)

1 202 477 6391

AGREED at Niamey, Niger, as of the day and year first above written.

**REPUBLIC OF NIGER**

**By /s/ Ali M. Lamine Zeine**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Ousmane Diagana**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve the capacity of the Communes to design and implement in a participatory manner Communal Development Plans and Annual Investment Plans in order to enhance rural livelihoods.

The Project constitutes the second phase of the Program, and consists of the following parts:

#### ***Part A: Capacity Building***

1. Support capacity building for Targeted Communes and Communities, by:

(a) strengthening the administrative, technical and fiscal capacity of Targeted Communes to handle their institutional mandates as stipulated in the Decentralization Law, to use decentralized and participatory procedures in planning, designing, implementing and managing their own development, through efficient partnerships with Communities, including through: (i) improved communication on decentralization mechanisms (including the fiduciary requirements linked to decentralization); (ii) sensitization to decentralization among local stakeholders, including local service providers and elected officials; and (iii) development of capacity needs assessments and capacity assessment plans; and

(b) improving sustainable land management through: (i) the development of capacities for mainstreaming sustainable land management in the local development process; (ii) the dissemination of guidelines for sustainable land management and bio-carbon financing initiative operational procedures; and (iii) the establishment and operations of Communal Land Tenure Committees (COFOCOM).

2. Support institutional capacity of key National Institutions with a mandate on decentralization, local and Community development and environmental monitoring, including:

(a) MI/SP/D and HCME, to clarify, update and finalize the legal texts on local governance, transfers of resources from the central to the local governments, and fiscal decentralization;

(b) MAT/DC, to develop, update, disseminate and monitor the implementation of operational tools on communal planning;

(c) MDA, to make fully operational and disseminate the strategies, policies and legal framework for a sustainable agriculture;

(d) the Executive Secretariat of the RDS to make the RDS fully operational and coordinate support from the various technical and financial partners; and

(e) ME/LCD, to: (i) supervise (A) the implementation of the sustainable land management activities, (B) the development of a sustainable land management information system and monitoring and information system, and (C) the expansion and validation of the Recipient's strategy for sustainable land management; and (ii) identify necessary actions to expand and validate activities to address sustainable land management and climate change concerns in RDS programs.

***Part B: Local Investment Fund***

Support the provision of: (i) Matching Grants to Beneficiaries to implement Micro-projects; including (ii) Matching Grants to Beneficiaries to implement Micro-projects for sustainable land management.

***Part C: Project Coordination, Management, Monitoring and Evaluation***

Support the: (i) administrative and financial management; (ii) results-based monitoring and evaluation system of the performance and impact of the Project; and (iii) dissemination of results; including (iv) the activities under each such sub-components related to sustainable land management.



## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### A. Institutional Arrangements

The Recipient shall maintain the following implementation arrangements, as further described in the Project Implementation Manual, throughout the implementation of the Project:

##### 1. The Steering Committee

- (a) The Steering Committee shall be responsible for the overall strategic guidance and oversight of the Project, and shall have membership, functions, staffing and resources satisfactory to the Association.
- (b) Without limitation upon the provisions of subparagraph (a), the Steering Committee shall be responsible for, *inter alia*, (i) approving and carrying out annual reviews of Annual Work Programs prepared by the National Coordination Unit and ensuring their consistency with the Project's objective; (ii) reviewing progress made towards achieving the Project's objective; (iii) facilitating the coordination of Project activities among the entities represented on the Steering Committee and ensuring harmonization with other activities carried out for the implementation of the RDS.
- (c) Without limitation upon the provisions of subparagraph (a), the Steering Committee shall be chaired by the Recipient's general secretary of the ministry responsible for agriculture and shall include, *inter alia*, representatives of the Recipient's ministries responsible for education, health, water resources, representatives of the Communes and other key players involved in local and community development.

##### 2. National Coordination Unit

- (a) The National Coordination Unit shall be responsible for Project coordination and management, including: (i) the preparation of Annual Work Programs in form and substance satisfactory to the Association, to be submitted to the Steering Committee for approval, (ii) the development of an assessment and capacity building program, targeting all stakeholders at the local level for the

implementation of Part A (1) of the Project, in form and substance satisfactory to the Association, (iii) the facilitation of activities carried out by National Institutions under Part B (ii) of the Project, and (iv) the supervision of the overall fiduciary activities of the Project (including financial management, procurement, disbursement, monitoring and evaluation, and consolidation of reports on the use of the proceeds of the Financing).

- (b) The National Coordination Unit shall have functions, staffing and resources satisfactory to the Association, including, *inter alia*, the following staff, each recruited in accordance with Section III of Schedule 2 to this Agreement, and each with qualifications, experience and terms of reference satisfactory to the Association: (i) a national coordinator; (ii) an administrative and financial specialist; (iii) a senior accountant; (iv) two accountants; (v) a procurement specialist, (vi) an internal controller; (vii) a monitoring and evaluation specialist; (viii) a communication specialist; and (ix) a local governance and decentralization specialist.

3. The Regional Coordination Units

The National Coordination Unit shall be supported by eight (8) Regional Coordination Units, each with functions, staffing and resources satisfactory to the Association, including, *inter alia*, the following staff, each recruited in accordance with Section III of Schedule 2 to this Agreement, and each with qualifications, experience and terms of reference satisfactory to the Association: (i) a regional coordinator, (ii) a monitoring, evaluation and planning specialist, and (iii) an accounting assistant.

4. Communes and Communities

- (a) The Communes and Communities shall be responsible for Project implementation at the local level, including participatory planning, identification, implementation and monitoring and evaluation of their local development.
- (b) The Communes and Communities will receive support from the local technical services of the Recipient's relevant ministries, and from local service providers recruited by the Communes in accordance with Section III of Schedule 2 to this Agreement and, when they will have acquired the legal capacity to do so under the laws of the Recipient, by the Communities.

**B. Implementation Arrangements**

**1. Project Manuals**

- (a) The Recipient shall ensure that, throughout the implementation of the Project, it shall be carried out in accordance with the provisions of the Project Implementation Manual, the Project Manual of Financial, Accounting and Administrative Procedures and the Project Monitoring and Evaluation Manual.
- (b) Unless the Recipient and the Association shall otherwise agree in writing, the Recipient shall not amend or waive any provision of the Project Implementation Manual, the Project Manual of Financial, Accounting and Administrative Procedures or the Project Monitoring and Evaluation Manual, in a manner which, in the opinion of the Association, could have a material adverse impact on the implementation of the Project.

**2. Safeguards**

- (a) The Recipient shall ensure that, throughout the implementation of the Project, it shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Environment and Social Management Framework and the Resettlement Policy Framework.
- (b) Except as the Association shall otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend or waive any provisions of any of the Environment and Social Management Framework or the Resettlement Policy Framework.

**3. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**4. Annual Work Programs**

- (a) Each year, the Recipient shall develop an Annual Work Program for the implementation of the Project, which shall include a budget and a procurement plan for its implementation, in accordance with the procedures described in the Project Implementation Manual and in the Project Monitoring and Evaluation Manual. Each such Annual Work Program shall indicate which activities shall

be financed from the proceeds of the Financing for the corresponding year, and submitted to the Association for its prior approval in writing.

- (b) Each National Institution whose proposed activities under Part A (2) of the Project have been included in whole or in part in the Annual Work Program shall enter into a Performance Agreement with the Recipient (represented by the National Coordination Unit), drafted on the basis of the model agreement attached to the Project Implementation Manual, pursuant to which it will commit to carry out its activities under the Annual Work Program, and monitor and evaluate such activities, pursuant to the terms and conditions (including the performance indicators) described in the Performance Agreement.
- (c) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any provision of any Performance Agreement, which, in the opinion of the Association, may materially and adversely affect the implementation of the activities of the Project.

### **C. Matching Grants**

#### **1. General**

The Recipient shall, through annual allocations of proceeds of the Financing to Targeted Communes in accordance with criteria specified in the Project Implementation Manual, finance Matching Grants under Part B of the Project. Each Targeted Commune shall appraise, propose for a financing under a Matching Grant, and monitor the Micro-projects, and administer the Matching Grants under Part B of the Project, in accordance with the provisions and procedures set forth in this Section I (C) and in more detail in the Project Implementation Manual.

#### **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 Financing unless the Targeted Commune has determined, on the basis of an appraisal it has conducted in accordance with this Section and the guidelines set forth in the Project Implementation Manual, the Environmental and Social Management Framework and the Resettlement Policy Framework, that the relevant Micro-project satisfies the eligibility criteria specified in more detail in the Project Implementation Manual, which shall include, *inter alia*, the following:

(i) the proposed Micro-project is included in a regularly adopted Targeted Commune's Communal Development Plan and its corresponding Annual Investment Plan which reflect the priorities expressed by the Communities;

(ii) the proposed Micro-project is compatible with the Recipient's policies and standards on health, education, transport, environment, breeding and agriculture, as applicable, as confirmed by the results of a technical appraisal by the relevant decentralized technical services of the Recipient;

(iii) the proposed Micro-project is presented for financing under a Matching Grant by a Targeted Commune which meets the eligibility criteria specified in the Project Implementation Manual, and such Targeted Commune shall be eligible for subsequent Matching Grants if it has completed any prior Micro-project to the satisfaction of the Recipient and the Association;

(iv) the proposed Micro-project shall be for activities such as, but not limited to, the following : (A) socio-economic activities; (B) income generating activities; and (C) land and natural resource management activities as further detailed in the Project Implementation Manual;

(v) the contribution of the Matching Grant to the investment cost of each proposed Micro-project shall not exceed the amount of \$30,000 equivalent, except as previously agreed with the Association;

(vi) the financing of the proposed Micro-project shall be fully covered by the sum of the Matching Grant, the additional Recipient's contribution, if any, and the Beneficiary's contribution; and

(vii) the proposed Micro-project shall comply with the financial, procurement, and environment guidelines and procedures set forth or referred to in the Project Implementation Manual, the Environmental and Social Management Framework, the Resettlement Policy Framework, and the Project Manual of Financial, Accounting and Administrative Procedures.

### 3. Terms and Conditions of the Matching Grants

- (a) A Micro-project shall be carried out pursuant to a Matching Grant Agreement, to be concluded between the Recipient, through the relevant Regional Coordination Unit or the National Coordination Unit, as the case may be, and the Targeted Commune, drafted on the basis of the model agreement attached to the Project Implementation Manual, and under terms and conditions described in more detail

in the Project Implementation Manual, which shall, *inter alia*, include the following:

(i) the Targeted Communes shall cause the Beneficiary to contribute, in cash or in kind, at least 5% of the projected Micro-project investment costs for sustainable land and natural resource management related Micro-projects, a maximum of 10% of the projected Micro-project investment costs for socio-economic related Micro-projects, and a maximum of 20% of the projected Micro-project investment costs for income generating Micro-projects (unless otherwise provided in the Project Implementation Manual);

(ii) the Targeted Communes shall cause the Beneficiary to: (A) carry out the Micro-project with due diligence and efficiency and in accordance with sound environmental, social, engineering, financial and managerial practices; (B) carry out the Micro-project in accordance with the provisions of the Anti-Corruption Guidelines; and (C) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures related to the Micro-project;

(iii) the Targeted Communes shall cause the Beneficiary to procure the goods, works and consultants' services to be financed from the proceeds of the Matching Grant in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of Schedule 2 to this Agreement, and to be used exclusively in the carrying out of the Micro-project;

(iv) the Targeted Communes shall ensure the right of the relevant Targeted Commune, the Regional Coordination Unit or the National Coordination Unit, on behalf of the Recipient, and of the Recipient in its own right to: (A) inspect by itself or jointly with the Association, if the Association shall so request, the goods, works, sites and constructions included in the Micro-projects, the operation thereof and any relevant records and documents; (B) obtain all information as it, or the Association shall reasonably request regarding the administration, operation and financial conditions of Micro-projects; and (C) 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 Recipient, through the National Coordination Unit or the relevant Regional Coordination Unit, as the case may be, and the Targeted Commune, shall each exercise their respective rights under the Matching Grant Agreement in such manner as to protect their interests and the interests of the Association and to accomplish the purposes of the Project and, except as the Association shall

otherwise agree in writing, the Recipient and the Targeted Communes shall not assign, amend, abrogate or waive the Matching Grant Agreement or any substantial provision thereof.

**Section II. Project Monitoring, Reporting, Evaluation**

**A. Project Reports**

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
  - (i) At completion of the Project, the percentage of Targeted Communes in which 50% or more of the population is satisfied by the implementation of the Communal Development Plan through the Annual Investment Plan has reached 63%.
  - (ii) At completion of the Project, the percentage of Targeted Communes that has increased the rate of coverage of social services by more than 2% in one of the following three sectors (education, health, potable water), as each of said rates is further defined in the Project Implementation Manual, has reached 50%.
  - (iii) At completion of the Project, the percentage of Beneficiaries of Matching Grants for income generating activities whose income has increased by 20%, has reached 60%.
  - (iv) At completion of the Project, the percentage of Targeted Communes in which more than 200 additional hectares of land are protected and reclaimed has reached 60%.
  - (v) At completion of the Project, the percentage of Targeted Communes having set up a Communal Land Tenure Committee

(COFOCOM) which has started delivering land transaction instruments, has increased from 36% to 100%.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than October 30, 2013.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five days after the end of each calendar semester, interim un-audited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.



**3. Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

**1. International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

**2. Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Methods</b>
(a) National Competitive Bidding (*)
(b) Shopping
(c) Direct Contracting
(d) Community Participation

(\*) Subject to the following additional provisions listed in (i) to (x) below:

(i) The provision of article 03 of the Procurement Code shall not apply.

(ii) The obligation to provide evidence that the bidder has satisfied all its tax obligations to the Recipient as a condition to make a proposal for the procurement of works, goods and non consulting services (notwithstanding any contrary provisions of article 10 of the Procurement Code) shall only apply to national bidders.

(iii) The obligation to provide a certificate of eligibility as a condition to make a proposal for the procurement of works shall only apply to national bidders (notwithstanding any contrary provisions of article 11 of the Procurement Code); the eligibility criteria for international bidders shall be limited to those included in the bidding documents.

- (iv) The division of expenditures in accordance with article 34 of the Procurement Code shall be subject to Prior Review by the Association.
- (v) The national preference provided for by article 36 of the Procurement Code shall not apply.
- (vi) In addition to the provision of article 40 of the Procurement Code, the shortlist of bidders shall be subject to Prior Review by the Association.
- (vii) Each contract procured through direct contracting in accordance with article 42 of the Procurement Code shall be subject to Prior Review by the Association.
- (viii) The amount of the bidder's guarantee provided for in article 79 of the Procurement Code shall be determined as a percentage (1 to 2%) of the estimated cost of the contract.
- (ix) No representatives of the private sector or of the donors shall be included in the Recipient's committee for bid evaluation and award despite the provisions of Articles 3, 15 and 26 of the Recipient's *arrêté* 113 dated October 10, 2006.
- (x) The conditions of application of the various methods of procurement under the National Competitive Bidding shall be determined in the Procurement Plan (notwithstanding any contrary provisions of articles 5 and 7 of Recipient's *arrêté* 270/CAB/PM/ARMP, dated October 24, 2007).

**C. Particular Methods of Procurement of Consultants' Services**

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

<b>Procurement Methods</b>
(a) Quality Based Selection
(b) Least Cost Selection
(c) Selection Based on the Consultant's Qualifications
(d) Single Source Selection
(e) Individual Consultants

**3. Shortlist including national consultants only.** The shortlist for the selection of consultants for each contract for consultants' services estimated to cost less than the equivalent of \$100,000 may include national consultants only, pursuant to paragraph 2.7 of the Consultants Guidelines.

**D. Review by the Bank of Procurement Decisions**

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:
  - (a) each contract for works estimated to cost the equivalent of \$800,000 or more,
  - (b) each contract for goods estimated to cost the equivalent of \$300,000 or more,
  - (c) each contract for works or goods procured on the basis of Direct Contracting,
  - (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 procured on the basis of Single Source Selection, and
  - (f) each amendment to a contract raising the contract value by 15% of original value or more, or raising the contract value above the prior review threshold.

All other contracts shall be subject to Post Review by the Association.

2. All terms of reference for the selection of consultants, without regard for the estimated cost of the proposed contract, shall be subject to the Association's prior review.
3. All Training activities will be carried out on the basis of annual budgets and programs submitted annually for the prior written approval of the Association. Said annual budgets and programs shall identify the general framework of the Training and similar activities for the year, and shall include: (a) the type of Training; (b) the purpose of the Training; (c) the personnel to be trained; (d) the institution or individual which will conduct the Training; (e) the location of the Training; (f) the duration of the proposed Training; and (g) the outcome and impact of the Training.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

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

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (all taxes included )</b>
(1) Works, goods, consultants' services including audits, and Training for Parts A(1)(a) and A(2)(a), (b), (c) and (d) and Part C(i), (ii) and (iii) of the Project, excluding Operating Costs.	5,050,000	100%
(2) Matching Grants under Part (B)(i) of the Project.	7,030,000	100% of amounts disbursed
(3) Matching Grants under Part (B)(ii) of the Project.	3,720,000	65% of amounts disbursed
(4) Operating Costs for Parts A(1)(a) and A(2)(a), (b), (c) and (d) and Part C(i), (ii) and (iii) of the Project.	1,350,000	100%
(5) Refund of Project Preparation Advance	420,000	Amount payable pursuant to Section 2.07 of the General Conditions
(6) Unallocated	930,000	
<b>TOTAL AMOUNT</b>	<b>18,500,000</b>	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement; and
  - (b) under Category (3) before the GEF Grant Agreement shall have been declared effective in accordance with the terms and conditions of the GEF Grant Agreement.
  
2. The Closing Date is April 30, 2013.

**Section V. Other Undertakings**

- A.** No later than three (3) months after the Effective Date, or such later date as agreed in writing by the Association, the Recipient shall have recruited in accordance with the provisions of Section III of Schedule 2 to this Agreement and signed under contract an external independent auditor for the Project, with terms of reference, qualifications and experience satisfactory to the Association.
  
- B.** No later than twenty-four (24) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association, the Recipient and the Association shall carry out a mid-term review of the Project, covering the progress achieved in the implementation of the Project. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association three (3) months prior to the beginning of such mid-term review of the Project, or on such other date agreed upon with the Association in writing, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date.

## APPENDIX

### Section I. Definitions

1. “Annual Investment Plan” (*Plan d’investissement annuel*) means an annual plan and budget prepared by a Targeted Commune in accordance with the Recipient’s document entitled *Guide National des Microprojets* and Recipient’s Law No. 2002-012 dated June 11, 2002 for the implementation of its multi year Communal Development Plan.
2. “Annual Work Program” means the annual work program, including a budget and a procurement plan prepared by the Recipient in accordance with Section I (B) (4) of Schedule 2 to the Financing Agreement.
3. “Anti-corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
4. “Beneficiary” means a Community (as hereinafter defined) belonging to a Targeted Commune (as hereinafter defined) which has met the eligibility criteria specified in Section I (C) of Schedule 2 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.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Communal Development Plan” (*Plan de développement communal*) means a multi-annual plan prepared by a Targeted Commune in accordance with the Recipient’s law no. 2002-012 of June 11, 2002.
7. “Communal Land Tenure Committee” and “COFOCOM” mean the Recipient’s communal land tenure committees, governed by the Recipient’s decision (*arrêté*) no. 098/MDA/CNCR/SP of November 25, 2005, and “Communal Land Tenure Committees” means collectively each such Communal Land Tenure Committee.
8. “Commune” means a territorial and administrative subdivision within a Region (as hereinafter defined) as defined by the Recipient’s Law no. 2002-012 of

June 11, 2002, and created by the Recipient's Law no. 2002-014 of June 11, 2002.

9. "Community" means a group of socially cohesive local populations in the Communes.
10. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004 and revised in October, 2006.
11. "Decentralization Law" means, collectively, Law no. 2002-012 of June 11, 2002, Law no. 2002-016 Bis of June 11, 2002, and the texts adopted, or to be adopted, for their implementation.
12. "Environmental and Social Management Framework" means the Recipient's document entitled "*Cadre de Gestion Environnementale et Sociale*" dated March 2008.
13. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005 (as amended through October 15, 2006).
14. "GEF" means the Global Environment Facility.
15. "GEF Grant" means the four million six hundred and seventy thousand Dollar (\$4,670,000) grant from GEF to the Recipient referred to in Part (A) of the Preamble to this Agreement.
16. "GEF Grant Agreement" means the Global Environment Facility Grant Agreement dated the same date as this Agreement between the International Bank for the Reconstruction and Development (IBRD) and the Recipient, IBRD, acting as Implementing Agency for the Global Environment Facility (GEF), pursuant to which IBRD provides the GEF Grant for the financing of a portion of the Project, as such agreement may be amended from time to time, and such term includes all appendices, schedules and agreements supplemental to the GEF Grant Agreement.
17. "HCME" means the Recipient's High Commission for State Modernization (*Haut Commissariat à la Modernization de l'Etat*) established within the Prime Minister's office.



18. “Matching Grants” means a grant made or proposed to be made by the Recipient to a Targeted Commune out of the proceeds of the Financing for the purpose of financing a Micro-project implemented or to be implemented by a Beneficiary (subject to the provision of sub-paragraph (b) of Section I (C)(3) of Schedule 2 to this Agreement).
19. “Matching Grant Agreement” means an agreement between, or intended to be concluded between, the Recipient and a Targeted Commune, setting forth the terms and conditions under which the proceeds of a Matching Grant shall be made available to the Beneficiary for the purpose of financing a Micro-project (subject to the provision of sub-paragraph (b) of Section I (C)(3) of Schedule 2 to this Agreement).
20. “MAT/DC” means the Recipient’s ministry responsible for community development (*Ministère de l’Aménagement du Territoire et du Développement Communautaire*).
21. “MDA” means the Recipient’s ministry responsible for agriculture (*Ministère du Développement Agricole*).
22. “ME/LCD” means the Recipient’s ministry responsible for environment (*Ministère de l’Environnement et de la Lutte contre la Désertification*).
23. “Micro-project” means one or more 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 B of the Project.
24. “MI/SP/D” means the Recipient’s ministry responsible for decentralization (*Ministère de l’Intérieur, de la Sécurité Publique et de la Décentralisation*).
25. “National Coordination Unit” means the Recipient’s national coordination unit within the MDA established by decision (*arrêté*) no. 115/MDA/CAB of July 25, 2003.
26. “National Institution” means a Recipient’s national institution involved in the promotion of decentralization benefiting from an activity under Part A of the Project.
27. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the Association, incurred by the National Coordination Unit, the Regional Coordination Units, the Targeted Communes, and the

National Institutions and their decentralized services involved in the Project implementation, management and monitoring, including operation and maintenance costs of office, vehicles and office equipment ; water and electricity utilities, telephone, office supplies, bank charges, additional staff costs, travel and supervision costs, per diem, but excluding the salaries of officials and public servants of the Recipient's civil service.

28. "Performance Agreement" means a contract entered into or to be entered into between the Recipient and a National Institution pursuant to Section I part (B)(4)(b) of Schedule 2 to this Agreement.
29. "Procurement Code" means the Recipient's procurement law entitled "*Code National des Marchés Publics*" adopted by Ordinance no. 2002-007 dated September 18, 2002.
30. "Procurement Guidelines" means the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006.
31. "Procurement Plan" means the Recipient's procurement plan for the Project, dated July 1<sup>st</sup>, 2008 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
32. "Program" means the program of objectives and actions designed to support the implementation of the Recipient's decentralization and local development policy and set forth or referred to in the letter dated February 7, 2003 from the Recipient to the Association.
33. "Project Implementation Manual" means the Recipient's guidelines and procedures, in form and substance satisfactory to the Association, adopted by the Recipient on October 30, 2002, and used for the purpose of implementing the Project, including in the areas of monitoring and evaluation, coordination, social and environmental safeguards, and other provisions related to the institutional organization, as such guidelines and procedures may be amended from time to time with the prior written agreement of the Association, and such term includes any schedule to the Project Implementation Manual.
34. "Project Manual of Financial, Accounting and Administrative Procedures" means the Recipient's guidelines and procedures, in form and substance satisfactory to the Association, adopted by the Recipient on January 30, 2004, and containing financial, administrative and accounting procedures applicable to the Project, as

such manual may be amended from time to time with the prior written agreement of the Association, and such term includes any schedule to the Project Manual of Financial, Accounting and Administrative Procedures.

35. “Project Monitoring and Evaluation Manual” means the Recipient’s guidelines and procedures, in form and substance satisfactory to the Association, adopted by the Recipient on October 30, 2002, and used for the purpose of monitoring and evaluation of the activities carried out under the Project, and the progress towards the achievement of the objective of the Project, as such guidelines and procedures may be amended from time to time with the prior written agreement of the Association, and such term includes any schedule to the Project Monitoring and Evaluation Manual.
36. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on April 24, 2008 and on behalf of the Recipient on May 7, 2008.
37. “RDS” means the Recipient’s rural development strategy adopted by Recipient’s Decree No. 2003-310/PRN/MRA dated November 14, 2003, including the action plan for its implementation adopted by Recipient’s Decree No. 2006-291/PRN/MH/LCD dated October 5, 2006.
38. “Region” means each of the eight administrative regions of the Recipient’s territory established by law no. 2002-012 of June 11, 2002.
39. “Regional Coordination Unit” means each of the regional coordination units established by the Recipient for the implementation of the first phase of the Program in accordance with the Project Implementation Manual.
40. “Resettlement Policy Framework” means collectively the Recipient’s document entitled “*Cadre de Politique de Réinstallation des Populations*” dated March 2008, and the Recipient’s document entitled “*Cadre de Procédure de Réinstallation des Populations*” dated March 2008.
41. “Steering Committee” means the Recipient’s steering committee established by decision (*arrêté*) no. 032/MDA/PAC of February 7, 2003, or such other committee, with attributions, composition and resources satisfactory to the Association, as shall have been previously agreed in writing by the Association.
42. “Targeted Communes” means the set of Communes selected to participate in the Project, and “Targeted Commune” means any of them.

43. "Training" means the training of persons involved in Project-supported activities, based on annual budgets approved by the Association pursuant to Section III (D)(3) of Schedule 2 to this Agreement, such term including seminars, workshops, conference and study tours, and costs associated with such activity include travel and subsistence costs for Training participants, costs of securing the services of trainers, rental of Training facilities, preparation and reproduction of Training materials and other costs directly related to course preparation and implementation.