

**CONFORMED COPY**

**GEF TRUST FUND GRANT NUMBER TF052140 CD**

# **Global Environment Facility Trust Fund Grant Agreement**

**(Reversal of Land and Water Degradation Trends in the Lake Chad Basin  
Ecosystem Project)**

**between**

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

**and**

**LAKE CHAD BASIN COMMISSION**

**Dated April 22, 2003**

## **GEF TRUST FUND GRANT NUMBER TF052140 CD**

### **GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT**

AGREEMENT, dated April 22, 2003, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF and LAKE CHAD BASIN COMMISSION, an international body created by the Convention referred to in Section 1.02(g) of this Agreement (the Recipient).

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, *inter alia*, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution No. 94-2);

(C) the second replenishment of the GEF Trust Fund was approved on the basis set forth in Resolution No. 98-2 of July 14, 1998, of the Executive Directors of the Bank (Resolution No. 98-2);

(D) the countries signatories of the Convention Relating to the Development of the Chad Basin executed by the Republics of Cameroon, Chad, Niger, and Nigeria on May 22, 1964, and by the Central African Republic on December 5, 1997, (the Lake Chad Basin Countries), having satisfied themselves as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), have requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution No. 94-2, and to be funded from contributions to the GEF Trust Fund under Resolution No. 98-2, which may include funds carried over from the first replenishment of the GEF Trust Fund under Resolution No. 94-2;

(E) each of the Lake Chad Basin Countries has addressed a letter to the Bank, confirming their commitment to the objectives of the Project and to its implementation, and that the GEF funds available for financing the Project may be allocated directly to the Recipient, in accordance with the terms and conditions of this Agreement;

(F) the Recipient intends to contract from various other donors (hereinafter referred to as the Cofinanciers) loans and grants in an aggregate amount equivalent to \$12,170,000 (hereinafter referred to as the Cofinancing) to assist in financing the Project on the terms and conditions set forth in agreements (hereinafter referred to as the Cofinancing Agreements) entered into between the Recipient and the Cofinanciers; and

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

NOW THEREFORE, the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

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

- (i) Article I;
  - (ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (16), (17) and (19), 2.02 and 2.03;
  - (iii) Section 3.01;
  - (iv) Section 4.01 and the first sentence of Section 4.09;
  - (v) Article V;
  - (vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (i) and (k), 6.03, 6.04 and 6.06;
  - (vii) Section 8.01 (b);
  - (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
  - (ix) Sections 10.01, 10.03 and 10.04;
  - (x) Article XI; and
  - (xi) Sections 12.01 (a) and (c), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:

- (i) a new paragraph shall be added to the end of Section 2.01 to read as follows: “the term “Special Drawing Rights” and the symbol “SDR” mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement”;
- (ii) the term “Bank”, wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;
- (iii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;
- (iv) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
- (v) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;
- (vi) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account; and
- (vii) a new subparagraph is added after subparagraph (k) in Section 6.02 of the General Conditions, as follows: “an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth; and the following additional terms have the following meanings:

- i. “Affected Person” means a person who had or would have his or her:
  - (i) standard of living adversely affected; or
  - (ii) right, title or interest in any house, or interest in or right to use any land, usufruct or customary rights to the land or other resources taken for the project (including premises, agricultural and grazing land) or right in annual or perennial crops and trees or any other fixed or movable asset, acquired or possessed, temporarily or permanently; or
  - (iii) business, occupation, work or place of

residence or habitat adversely affected, temporarily or permanently, and “Affected Persons” means, collectively, all persons who qualify as an Affected Person;

- ii. “Basin” means the Lake Chad Basin;
- iii. “Convention” means the Convention Relating to the Development of the Chad Basin, as amended;
- iv. “Environmental Management Plan” means the Environmental Management Plan for the Mitigation of Environmental Impacts of the Lake Chad Basin Commission Project, setting out mitigation, enhancement, monitoring, and institutional measures to eliminate any adverse environmental impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts, including a plan of actions dated March 29, 2002, as such plan may be amended from time to time by agreement between the Recipient and the Bank;
- v. “Financial Management Report” means each report prepared in accordance with Section 4.02 of this Agreement;
- vi. “Inter-Ministerial Coordinating Committee” means the committee to be established in each of the Lake Chad Basin Countries to determine transboundary issues;
- vii. “LCBC” means the Lake Chad Basin Commission, established by the Convention;
- viii. “Process Framework” means the Process Framework for the mitigation of social impacts of the Project satisfactory to the Bank, approved by the Recipient, dated March 29, 2002;
- ix. “PIM” means the Project Implementation Manual to be adopted by the Recipient, pursuant to Section 7.01 (c) of this Agreement containing detailed arrangements regarding the implementation of the Project, as the same may be amended from time to time, in consultation with and with the consent of the Bank, and such term includes any schedules to the Project Implementation Manual;
- x. “Project Management Unit” means the unit in the Secretariat of the Recipient to be maintained in accordance with paragraph 2 in Schedule 4 to this Agreement;
- xi. “Project Steering Committee” means the committee chaired by the Executive Secretary of the Recipient, and consisting of two representatives from each of the countries that are members of the LCBC and two staff of LCBC;

(j) “Resettlement Policy” means the Resettlement Policy Framework for the mitigation of social impacts of the Project, satisfactory to the Bank, approved by the Recipient, dated March 29, 2002;

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

(l) “UNOPS” means the United Nations Office for Project Support.

## **ARTICLE II**

### **The GEF Trust Fund Grant**

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount in various currencies equivalent to two million two hundred thousand United States Dollars (US\$2,200,000).

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

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

Section 2.03. The Closing Date shall be December 31, 2006 or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

## ARTICLE III

### Execution of the Project

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

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

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

Section 3.03. (a) The Recipient shall carry out all actions required under the Process Framework and the Environmental Management Plan to mitigate and compensate for the impacts that have been identified therein in accordance with the time table set forth.

(b) The Recipient shall, prior to commencing any demonstration pilot activity under Part E of the Project which would displace any Affected Persons or adversely affect their standards of living, or their rights, usufructs or customary rights to land or other resources under the Project:

- (i) prepare and furnish to the Bank, for such demonstration pilot activity, a detailed resettlement action plan acceptable to the Bank documenting the implementation arrangements for resettlement, including compensation, relocation and rehabilitation of Affected Persons;
- (ii) undertake the acquisition of all land, rights, usufructs or customary rights and other property, compensation therefore and resettlement in accordance with the principles and institutional procedures established in the Resettlement Policy;
- (iii) ensure that Affected Persons shall be compensated, resettled and rehabilitated in accordance with the Resettlement Policy;

- (iv) appoint a conflict resolution committee; and
- (v) complete the implementation of such resettlement action plan in a manner satisfactory to the Bank.

Section 3.04. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Recipient shall:

- (a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the future operation of the Project; and
- (b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

#### **ARTICLE IV**

##### **Financial Covenants**

Section 4.01. (a) The Recipient shall maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations, and financial condition of the Recipient and to register separately the operations, resources and expenditures in respect of the Project.

- (b) The Recipient shall:
  - (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
  - (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year: (A) the financial statements referred to in paragraph (a) above for such year as so audited; and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
  - (iii) furnish to the Bank such other information concerning said records, accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request.



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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) The Recipient shall prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, which:

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

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

calendar quarter; thereafter, each FMR shall be furnished to the Bank not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Other Covenants**

Section 5.01. The Recipient shall:

(a) take out and maintain with responsible insurers, or to make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;

(b) carry on its operations and conduct its affairs in accordance with sound administrative, financial, and environmental practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and

(c) at all times to operate and to maintain its plants, machinery, equipment and other property, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and environmental practices.

## **ARTICLE VI**

### **Remedies of the Bank**

Section 6.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified:

(a) The Convention shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to carry out the Project.

(b) Any of the Lake Chad Basin Commission Countries shall have failed to afford a reasonable opportunity for representatives of the Bank to visit any part of their territory for purposes related to the Project.

## **ARTICLE VII**

### **Effectiveness; Termination**

Section 7.01. The following events are specified as conditions to the effectiveness of the GEF Trust Fund Grant within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Recipient has entered into a Management Services Agreement for project execution services, satisfactory to the Bank;

(b) the Recipient has recruited the Project Manager and Director Administration and Finance in accordance with Section II of Schedule 3 to this Agreement;

(c) the Recipient has adopted the PIM, in form and substance acceptable to the Bank; and

(d) the Recipient has appointed independent auditors referred to in Section 4.01(b) (i) of this Agreement, in accordance with Section II of Schedule 3 to this Agreement.

Section 7.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 7.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

## ARTICLE VIII

### Representative of the Recipient; Addresses

Section 8.01. The Executive Secretary is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 8.02 The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Post Office Box 727  
N'Djamena  
Chad

Facsimile:

235 52 41 37

For the Bank:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

248423 (MCI)  
64145 (MCI)

Facsimile:

(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 N'Djamena, Republic of Chad, as of the day and year first above written.

LAKE CHAD BASIN COMMISSION

By /s/ Muhammad Sani Adamu

Authorized Representative

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

By /s/ Ali Khadr

Authorized Representative

**SCHEDULE 1**

**Disbursement**

Withdrawal of the Proceeds of the GEF Trust Fund Grant

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

<u>Categories</u>	Amount of the GEF Trust Fund Grant Allocated (Expressed in <u>US\$ Equivalent</u> )	% of Expenditures to be <u>Financed</u>
1. Works	170,000	90%
2. Goods, including Vehicles	170,000	100% of foreign expenditures and 80% of local expenditures
3. Microgrants	100,000	100%
4. Consulting services	1,100,000	100%
5. Training	300,000	100%
6. Incremental Operating Costs	100,000	100%
7. Unallocated	260,000	
TOTAL	<u>2,200,000</u> =====	

2. For the purposes of this Schedule:

(a) the term “foreign expenditures” means expenditures in the currency of any country other than that of the Lake Chad Basin Countries for goods or services

supplied from the territory of any country other than that of the Lake Chad Basin Countries;

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

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

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding \$300,000, may be made on account of payments made for expenditures before that date but after March 1, 2002.

4. The Bank may require withdrawals from the GEF Grant Account to be made on the basis of statements of expenditure for expenditures for: (i) works and goods under contracts not exceeding \$150,000; (ii) consultants' services (firms) under contracts not exceeding \$100,000 equivalent; (iii) consultants' services (individuals) under contracts not exceeding \$50,000 equivalent; and (iv) training and Incremental Operating Costs under such terms and conditions as the Bank shall specify by notice to the Recipient.

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

## **SCHEDULE 2**

### **Description of the Project**

The objectives of the Project are: (a) to strengthen the capacity of the Recipient to promote and improve coordinated and sustainable water management in the Basin; (b) to strengthen institutional mechanisms in Lake Chad Basin Commission Countries for management of transboundary water issues; (c) to develop a Strategic Action Program to improve the conservation and management of land and water resources in the Basin; and (d) to assist the Recipient in coordinating donor support of the Strategic Action Program and transboundary management.

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

#### **Part A: Project Coordination**

1. Recruitment of a Project Manager and technical, administrative, public participation, and communications experts to carry out Project management and implementation.
2. Establishment of the Project Management Unit to facilitate and coordinate Project implementation.
3. Establishment of a framework to coordinate implementation of related projects in the Basin.
4. Establishment of a scientific advisory committee, local co-ordinating committees, and an Inter-ministerial Committee in each Lake Chad Basin Country.
5. Provision of support to the Project Steering Committee, and for regular meetings thereof.

#### **Part B: Regional Policy Initiatives**

1. Review of functions and responsibilities of the Recipient to strengthen its functional capabilities.
2. Increasing the awareness of national water resource policy makers about transboundary issues and related land and environmental policies.
3. Coordination of activities in other basins, including the Congo, Lake Victoria, Niger, Nile and Senegal basins.



4. Integration of transboundary water and environmental policies into national development plans.
5. Carrying out a review of the legal framework in Lake Chad Basin Countries to enable an integrated regional approach for management of the Basin's resources.
6. Improving the integrated regulatory environment for the transboundary management of power generation, irrigation, fisheries, water quality and effluent standards, diversions and consumptive uses.

Part C:            Stakeholder Engagement

1. Engaging stakeholders in Lake Chad Basin Countries to inform Project implementation.
2. Supporting local planning initiatives for community level stakeholders to establish sustainable development plans and sub-basin planning frameworks.
3. Identifying additional pilot projects for inclusion in the Strategic Action Program.
4. Prioritization of local, national and regional initiatives in the Basin to arrive at a coherent and integrated approach.
5. Development of a methodology to conduct environmental impact studies on a regional basis that fully involves local stakeholders.

Part D:            Basin Modeling

1. Carrying out a review of existing scientific, hydro-environmental and socio-economic data on groundwater, aquatic ecosystems and water consumption.
2. Establishment of a Basin-wide monitoring network for rainfall pattern, climatic changes, surface and groundwater resources.
3. Establishment of a reliable scientific data base for low-flows and flood discharges, topography and salinity of Lake Chad, water quality of rivers, aquifer levels, flooding dynamics, recharges, and river and Lake balances.
4. Establishment of key environmental indicators in the Basin to measure compliance with regulatory structures and regional management plans.
5. Development of the capacity of the Lake Chad Basin Commission and of each Lake Chad Basin Country to analyze hydro-environmental risks.

6. Establishment of an integrated model of surface and groundwater within the Basin capable of identifying long-term consequences of development alternatives.

Part E: Pilot Projects

1. Integrate the headwaters area into the Basin ecosystem, including community-based land and water resource management.
2. Carrying out a pilot project in Lake Fitri to prevent land degradation and to protect aquatic ecosystems under stress.
3. Development of a regional program to meet growing water demand, to mitigate against drought, to control desertification, and to obtain local agreement on alternatives.
4. Development and implementation of a transboundary management plan for Lake Chad and its shoreline.
5. Carrying out pilot projects in: (a) Komadogou-Yobe, and (b) Chari Logone sub-basins to improve the respective management of Waza-Logone and Hadejia-Nguru flood-plains.
6. Incorporating results from the pilot projects into the design of a Strategic Action Program.

Part F: Transboundary Diagnostic Analysis

1. Development of a plan for future donor coordination.
2. Carrying out a review of donor and riparian commitment to the Strategic Action Program.
3. Presentation of the transboundary diagnostic analysis to Interministerial Coordinating Committees and development of a Strategic Action Program through a multi-sectoral dialogue in each Lake Chad Basin Country.
4. Development of a blueprint for implementation of the Strategic Action Program.

### **SCHEDULE 3**

#### **Procurement and Consultants' Services**

Section I.      Procurement of Goods and Works

Part A:        General

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

Part B:        International Competitive Bidding

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

2.      The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

3.      Grouping of contracts

To the extent practicable, contracts for vehicles, office and field equipment, communication equipment and computers and works shall be grouped in bid packages estimated to cost \$150,000 equivalent or more each.

Part C:        Other Procurement Procedures

1.      National Competitive Bidding

Goods and works estimated to cost less than \$150,000 equivalent per contract, up to an aggregate amount for goods not to exceed \$750,000 equivalent and for works not to exceed \$250,000 equivalent may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2.      International 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 shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D:        Review by the Bank of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

With respect to each contract for goods and works estimated to cost the equivalent of \$150,000 or more; the first contract to be procured using national competitive bidding; and the first contract to be procured using international shopping, 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 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 each contract under the Project estimated to cost less than \$150,000 may comprise consultants from the Lake Chad Basin Countries 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 auditing under Part D of the Project 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 estimated to cost 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 tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

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 Bank, for its review and approval, prior to the issuance to consultants of any requests for proposals. Such plan shall be updated every month during the execution of the Project, and each such updating shall be furnished to the Bank 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 Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to the first contract with a firm, and each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, and the terms of reference

and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after 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.

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

3. Post Review

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

## **SCHEDULE 4**

### **Implementation Program**

1. Overall Project Coordination:

The Recipient shall by May 1, 2003, designate and maintain throughout the Project implementation period the Steering Committee as the entity responsible for overall Project coordination and supervision. The Steering Committee shall have the responsibility to review proposed work plans and budgets, monitor implementation performance and foster inter-ministerial and regional cooperation in the management of the Basin.

2. Project Administration and Management:

The Recipient shall maintain the Project Management Unit as the entity which shall have overall responsibility for Project management and coordination, including the preparation of the annual work plans, budgeting and finance, maintenance of a proper financial management and accounting system for the Project, preparation of bidding documents and monitoring of the overall procurement process, management of technical assistance activities and the preparation of a Project completion report. The Recipient shall maintain the Project Manager who shall be responsible for day-to-day management of the Project with qualifications and experience satisfactory to the Bank.

3. The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, about February 1, 2005, or such later dates as the Bank shall agree, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by March 1, 2005, or such later date as the Bank shall request, the reports referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said reports and the Bank's views on the matter.

4. The Recipient shall carry out the Project in accordance with procedures set forth in the PIM and, except as the Bank shall otherwise agree, not amend or waive any

provision thereof if such amendment or waiver may, in the opinion of the Bank, materially or adversely affect the implementation of the Project.

5. The Recipient shall:

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

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

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



## **SCHEDULE 5**

### **Special Account**

1. For the purposes of this Schedule:
  - (a) the term “eligible Categories” means Categories 1, 2, 3, 4, 5, and 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, works and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
  - (c) the term “Authorized Allocation” means an amount equivalent to \$500,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$250,000 until the aggregate amount of withdrawals from the GEF Trust Fund Grant Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of US\$1,000,000.
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 Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:
  - (a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.
  - (b)
    - (i) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.
    - (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the

Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

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

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

(b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

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

Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

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

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

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

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