

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF055471 RW

Global Environment Facility Trust Fund Grant Agreement

(Integrated Management of Critical Ecosystems Project)

between

REPUBLIC OF RWANDA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated August 11, 2005

GEF TRUST FUND GRANT NUMBER TF055471 RW

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated August 11, 2005, between the REPUBLIC OF RWANDA (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank has received from the Recipient a letter, dated January 26, 2001, describing a program of actions, objectives, and policies designed to reform and improve the rural sector of its economy (the Program) and declaring the Recipient's commitment to the execution of the Program;

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

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

(D) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), and which forms part of the Program, has requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2;

(E) the Recipient has obtained from the International Development Association (the Association) financing towards the Program pursuant to the Development Credit Agreement (as hereinafter defined), in an aggregate principal equivalent to thirty-seven million two hundred thousand Special Drawing Rights (SDR 37,200,000); 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 for Single Currency Loans” of the Bank, dated May 30, 1995 (as amended through May 1, 2004), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

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

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

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

(a) “Annual Work Plan” means the plan referred to Section D.1 of Schedule 4 to this Agreement;

(b) “*Banque Nationale du Rwanda*” (National Bank of Rwanda) or “BNR” means the Recipient’s Central Bank, established on April 26, 1964 and operating pursuant to the Recipient’s Law No. 11/97 of July 26, 1997 as amended till the date of this Agreement;

(c) “Beneficiary” means a Producer (as hereinafter defined) or Community (as hereinafter defined) who or which has met the eligibility criteria set out in Part B.2 of Schedule 4 to this Agreement and in the Project Implementation Manual (as hereinafter defined) and to whom or which or for whose benefit a Subproject Grant is made or proposed to be made;

(d) “Cellule” means an administrative area of the Recipient, established pursuant to the Recipient’s Presidential Decree no. 18/1 of September 30, 2001, representing a designated area and population within the territory of the Recipient;

(e) “Community” means a socially cohesive local population in the territory of the Recipient;

(f) “Community Development Committee” or “CDC” means a committee established and operating under the Recipient’s Presidential Decree no. 18/1 of September 30, 2001, and comprising the Executive Secretary of a District (as hereinafter defined) or Town (as hereinafter defined) and elected representatives of such District or Town;

(g) “Development Credit Agreement” means the agreement No. 3483-RW, dated April 25, 2001, between the Recipient and the Association for the Rural Sector Support Project (as hereinafter defined), as such agreement may be amended from time to time; and such term includes all schedules and agreements supplemental to the Development Credit Agreement;

(h) “District” means an administrative area of the Recipient, established pursuant to the Recipient’s Law No. 04/2001 of January 13, 2001, representing a designated area and population within the territory of the Recipient;

(i) “Eligible Categories” means Categories (1) through (6) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

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

(k) “Environmental and Social Management Plan” or “ESMP” means the part of the Project Environmental Assessment (as hereinafter defined) which sets out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, that have been identified by the Recipient to eliminate or offset any adverse environmental and social impact of Project activities, reduce them to acceptable levels, or enhance positive impacts;

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

(m) “Local Administrations” means the administration established and operating under the Recipient’s Law No. 04/2001 of January 13, 2001;

(n) “MINAGRI” means the Recipient’s Ministry in charge of agriculture and livestock;

(o) “MINALOC” means the Recipient’s Ministry in charge of local government and social affairs;

(p) “MINECOFIN” means the Recipient’s Ministry in charge of finance and economic planning;

(q) “MINEDUC” means the Recipient’s Ministry in charge of education, science, technology, and scientific research;

(r) “MINITERE” means the Recipient’s Ministry in charge of lands, environment, forests, water, and natural resources;

(s) “National Wetland Policy” means the policy to be developed under Part A.1 of the Project to provide a comprehensive analysis of wetland use and misuse and practical guidance for the exploitation of wetland resources for both public and private interests;

(t) “NGO” means a Non-Governmental Organization established and operating as such under the Recipient’s Law No. 20/2000 of July 26, 2000;

(u) “Participating District” means a District of the Recipient on the territory of which (i) activities of the Project will be carried out, and (ii) at least one Community will receive a Subproject Grant as part of the Project;

(v) “Pest Management Plan” or “PMP” means the part of the Project Environmental Assessment describing the measures to be taken for development and implementation of integrated pest management and safe handling of pesticides in the course of Project implementation;

(w) “Procurement Plan” means the Recipient’s procurement plan, dated November 8, 2004, covering the initial 18-month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18-month periods (or longer) of Project implementation.

(x) “Producer” means a farmer, livestock breeder, or fisherman;

(y) “Producer Association” means an association established and operating as (i) a cooperative, or (ii) an association under the Recipient’s Law No. 31/1988 of October 12, 1988;

(z) “Program Support and Coordination Unit” or “PSCU” means the unit established for purposes of Program implementation and whose responsibilities under the Project are set out in Part A.4 of Schedule 4 to this Agreement;

(aa) “Project Environmental Assessment” or “PEA” means the assessment, dated November 18, 2000, in form and substance satisfactory to the Bank, describing the potential adverse environmental and social impact of the Project and measures for the offsetting, reduction, or mitigation of such impact, and including the following documents: (i) Environmental and

Social Management Plan; and (ii) Pest Management Plan, as the same may be updated from time to time with the approval of the Bank, to be applied by the Recipient in accordance with the provisions of Section C.1 of Schedule 4 to this Agreement;

(bb) “Project Implementation Manual” or “PIM” means the manual containing details of the financial and accounting procedures, procurement arrangements, and other organizational and administrative arrangements, as shall be agreed with the Bank for purposes of Project implementation and adopted in accordance with Article 6.01 (c) of this Agreement, as the same may be amended from time to time with the approval of the Bank, and such term includes any annexes thereto;

(cc) “Project Management Unit” or “PMU” means the unit to be established in accordance with Article 6.01 (b) of this Agreement and whose responsibilities are set out in Part A.2 of Schedule 4 to this Agreement;

(dd) “Project Year” means (i) the 12-month period beginning from the Effective Date and ending 12 months thereafter, or (ii) each successive 12-month period following thereafter;

(ee) “Province” means an administrative area of the Recipient, established pursuant to the Recipient’s Law No. 43/2000 of December 29, 2000, representing a designated area and population within the territory of the Recipient;

(ff) “Report-based Disbursements” means the Recipient’s option for withdrawal of funds from the GEF Trust Fund Grant Account referred to in Part A.5 of Schedule 1 to this Agreement;

(gg) “Rural Sector Support Project” means the project, currently under implementation, which has as its objectives to assist the Recipient in revitalizing its rural economy through: (i) the promotion of investments in the agricultural sector; (ii) the equipping of farmers and other private sector groups, and relevant Recipient institutions with basic institutional and technical capacities; (iii) the improvement and raising of productivity in the agricultural services delivery system; (iv) small-scale rural infrastructure development and maintenance; (v) the rehabilitation of marshland and hill-side farming; (vi) the promotion of commercial and export agriculture; and (vii) the diversification of economic activities in the off-farm sector of the rural areas, and to assist in the financing of which the Association has extended a Credit of SDR 37,200,000 to the Recipient;

(hh) “Rwandan Francs” or “RWF” means the legal currency of the Recipient;

(ii) “Special Account” means the account referred to in Part B.1 of Schedule 1 to this Agreement;

(jj) “Steering Committee” means the committee referred to in Part A.5 of Schedule 4 to this Agreement;

(kk) "Subproject" means a development activity proposed by a Community under Part C.3 of the Project and financed or to be financed through a Subproject Grant made out of the proceeds of the GEF Trust Fund Grant;

(ll) "Subproject Grant" means a grant made or proposed to be made by the Recipient to a Community for the purpose of financing Subprojects;

(mm) "Subproject Grant Agreement" means an agreement between the Recipient represented by the PMU and a Community, setting forth the terms and conditions under which proceeds of the GEF Trust Fund Grant shall be made available to the Beneficiary for the purpose of financing Subprojects;

(nn) "Town" means an administrative area of the Recipient, established pursuant to the Recipient's Law No. 05/2001 of January 18, 2001, representing a designated area and population within the territory of the Recipient; and

(oo) "Wetland Rehabilitation Environmental Assessment" or "WREA" means the assessment, in form and substance satisfactory to the Bank, describing the potential adverse environmental impact of activities under each of Parts C.3 (a)-(d) of the Project and measures for the offsetting, reduction, or mitigation of such impact, to be prepared by the Recipient prior to implementation of each of Parts C.3 (a)-(d) of the Project and applied by the Recipient in accordance with the provisions of Part C.2 of Schedule 4 to this Agreement, as the same may be updated from time to time with the approval of the Bank.

ARTICLE II

The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount equal to four million three hundred thousand Dollars (\$4,300,000).

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

Section 2.03. The Closing Date shall be October 15, 2009, 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 through MINITERE, and with respect to some components of the Project, with the participation of MINAGRI, with due diligence and efficiency and in conformity with appropriate technical, administrative and financial practices and with due regard to ecological and environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works, and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

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

Section 3.03. For the purposes of Section 9.07 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 (6) months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan designed to ensure the continued achievement of the objectives of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

Section 3.04. The Recipient shall: (i) open and maintain a Project Account at BNR on terms and conditions satisfactory to the Bank; (ii) promptly thereafter make an initial deposit into the Project Account of \$30,000 equivalent to finance the Recipient's initial contributions to the cost of the Project; (iii) make the following deposits in the Project Account: (A) \$70,000 equivalent no later than six (6) months after the date set out in Article 6.02 of this Agreement, and (B) \$100,000 equivalent no later than three (3) months after the beginning of each of Project

Years 2, 3, and 4, respectively; and (iv) use the funds deposited in the Project Account exclusively for the purpose of the Project.

Section 3.05. The Recipient shall ensure that every Participating District shall open a separate bank account for the Project, for the administration of the Project's funds in accordance with local regulations.

ARTICLE IV

Financial Covenants

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

(b) The Recipient shall:

- (i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year (or such other period agreed to by the Bank), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of reports referred to in Part A.5 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Recipient shall:

- (i) retain, until at least one (1) year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts,

orders, invoices, bills, receipts and other documents) evidencing such expenditures;

- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such reports and statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

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

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

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

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional event is specified: namely, that a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

ARTICLE VI

Effectiveness; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the GEF Trust Fund Grant within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Recipient has opened the Project Account and deposited therein the initial amount referred to in Section 3.04 (ii) of this Agreement;

(b) the Recipient has: (i) established the PMU in form and substance and with functions and resources satisfactory to the Bank; and (ii) assigned to the PMU adequate key staff with qualifications and experience satisfactory to the Bank;

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

(d) the Recipient has established an adequate financial management system for the Project in form and substance satisfactory to the Bank, and the Recipient and the Bank have agreed on the format of the FMR;

(e) the terms of reference of the auditors appointed for the Program have been amended in form and substance satisfactory to the Bank, in order to include the audit of the Project, or an auditor satisfactory to the Bank has been appointed for purposes of both the Program and the Project; and

(f) the Recipient has prepared and furnished to the Bank a procurement plan for the first Project Year in form and substance satisfactory to the Bank.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.03 of the General Conditions.

Section 6.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

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

For the Recipient:

Ministry of Finance and Economic Planning
P. O. Box 158
Kigali
Republic of Rwanda

Cable address:	Telex:	Facsimile:
MINFIN-RWANDA MINFIN-RAW	22687	(250) 577 581

For the Bank:

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

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) 64145 (MCI)	(202) 477 6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF RWANDA

By:

/s/ Kaliza Karuretwa
Authorized Representative

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

By:

/s/ Nils O. Tcheyan
Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

A. General

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

	<u>Category</u>	Amount of the GEF Trust Fund Grant Allocated (Expressed in <u>Dollars</u>)	% of Expenditures <u>to be Financed</u>
(1)	Subproject Grants	550,000	100% of amounts disbursed
(2)	Works	310,000	95%
(3)	Goods	280,000	100% of foreign expenditures and 95% of local expenditures
(4)	Consultants' services, including audits	1,500,000	100% of foreign expenditures and 85% of local expenditures
(5)	Training, workshops, and study tours	800,000	100%
(6)	Incremental Operating Costs	360,000	85%
(7)	Unallocated	500,000	
	TOTAL	<u>4,300,000</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 Recipient for goods or services supplied from the territory of any country other than that of the Recipient;

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

(c) the term “Incremental Operating Costs” means the incremental expenses incurred on account of Project implementation, management, and monitoring, including office space, equipment and vehicle maintenance costs, fuel, office supplies, office space rental charges, utilities and telecommunication costs, travel and supervision costs and costs of Project support staff, but excluding salaries of officials of the Recipient’s civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; and (b) a Subproject Grant unless such Grant has been made in accordance with eligibility criteria and on terms and conditions set forth or referred to in Part B of Schedule 4 to this Agreement and the PIM.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) services of individual consultants costing less than \$50,000 equivalent per contract; (b) services of consulting firms under contracts costing less than \$100,000 equivalent per contract; (c) Subproject Grants; (d) Works costing less than \$200,000 equivalent per contract; (e) Goods costing less than \$150,000 equivalent per contract; (f) Incremental Operating Costs, and (g) Training, workshop and study tours, costing less than \$800,000 equivalent per contract, all under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. The Recipient may request withdrawals from the GEF Trust Fund Grant Account to be made on the basis of reports to be submitted to the Bank in form and substance satisfactory to the Bank, such reports to include the Financial Monitoring Report and any other information as the Bank shall specify by notice to the Recipient (Report-based Disbursements). In the case of the first such request submitted to the Bank before any withdrawal has been made from the GEF Trust Fund Grant Account, the Recipient shall submit to the Bank only a statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

B. Special Account

1. The Recipient may open and maintain in Dollars a special deposit account at BNR, on terms and conditions satisfactory to the Bank.

2. After the Bank has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the GEF Trust Fund Grant Account of amounts to be deposited into the Special Account shall be made as follows:

(a) if the Recipient is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) if the Recipient is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. 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.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if the Bank, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Bank determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Recipient directly from the GEF Trust Fund Grant Account; or

(c) 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: (A) the records and accounts for the Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Bank shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule 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 Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

6. (a) If the Bank determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank, provide

such additional evidence as the Bank may request, or 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. 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 determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, 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 subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the GEF Trust Fund Grant Agreement.

**Annex A
to
SCHEDULE 1**

**Operation of Special Account
When Withdrawals Are Not
Report-based Disbursements**

1. For the purposes of this Annex, the term “Authorized Allocation” means the amount of \$350,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 2 of this Annex.

2. 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 in the aggregate do not exceed the Authorized Allocation. 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.

(b) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposit into the Special Account at such intervals, as the Bank shall specify. 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 Part B.3 of Schedule 1 to this Agreement 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. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.

3. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the GEF Trust Fund Grant minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant 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.

**Annex B
to
SCHEDULE 1**

**Operation of Special Account
When Withdrawals Are
Report-based Disbursements**

1. Withdrawals from the GEF Trust Fund Grant Account shall be deposited by the Bank into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.

2. Upon receipt of each application for withdrawal of an amount of the GEF Trust Fund Grant, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist farmers to adopt sustainable agricultural intensification technologies that increase productivity and improve livelihood while protecting the natural resource base, through the development and implementation of community-based integrated ecosystem management plans, using watershed and micro-catchment areas as primary units for resource planning.

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

A. Development of policy and regulatory environment for sustainable wetland and natural resource management

1. Development, on a participatory basis, of comprehensive national wetland policy, including the following activities:

(a) review of existing policies and legislation related to wetlands;

(b) review of existing information regarding wetlands, and identification of gaps for further study;

(c) (i) review of current institutional and administrative practices; (ii) proposal of new coordination mechanisms, clearly delineating institutional and administrative responsibility, and ensuring on a sustainable basis the effective implementation of the environmental policy; and (iii) establishment of said coordination mechanisms, with sufficient resources and capacity in order to ensure that the actions needed, within the various public bodies and ministries, in order to effectively implement and enforce the national wetland policy, are taken;

(d) proposal of preparation of issues paper to serve as basis for broad consultative process relating to the development of the national wetland policy; and

(e) carrying out of extensive consultations, through workshops and participatory appraisals, at national, Province, District, and Cellule levels to allow an exchange of views of the various stakeholders and interest groups.

2. Development of national strategy and action plan for conservation and sustainable use of wetlands and their watersheds, including finalization of existing draft laws and regulatory instruments relating thereto.

B. Capacity building and institutional strengthening in decentralized integrated ecosystem management

1. Development of program on environmental education and awareness raising, including organization of courses, workshops, and meetings at the Community level on themes such as wetland values and uses, biodiversity and conservation issues, agricultural biodiversity, sustainable development, conflict resolution, and Community participation techniques.
2. Creation of integrated biodiversity information system accessible to ministries concerned with agricultural development, environmental and natural resource management, regional and local decision-makers, universities, research institutions, NGOs, the donor community, and the general public.

C. Development and implementation of Community-based integrated ecosystem management plans for critical ecosystems

Development of the following tools for integrated ecosystem management:

1. Watershed management plans, developed on participatory basis involving representatives of Producer Associations, CDCs of the jurisdiction covered by the respective watershed, local private sector actors, and selected sectoral ministries, to serve as guide and biophysical framework for preparation and implementation of resource management interventions at lower level of catchments, and addressing the following subject matters:
 - (a) biophysical conditions and resource constraints;
 - (b) administrative, demographic and socio-economic conditions;
 - (c) major human settlements and infrastructure;
 - (d) major patterns of natural resource use, planned infrastructure and major donor-supported development interventions;
 - (e) analysis of threats to the resource base and the environment, and identification of current land and water degradation hot spots;
 - (f) analysis of formal and informal local institutions for natural resource management, and resource-use conflict resolution mechanisms; and
 - (g) guidelines for development interventions to safeguard resource base of watershed.

2. Community-based integrated ecosystem management plans, focusing on management of land and water in catchment areas, prepared on participatory basis involving Communities of given catchment area, local development planners, technicians from sectoral ministries and the relevant Province, local NGOs, and researchers.

3. Biodiversity conservation and sustainable-use plans for four (4) wetland systems outside protected areas:

(a) Mugesera/Rweru lake swamp system;

(b) Kagera lake swamp system;

(c) Kamiranzovu swamp; and

(d) Rugezi swamp.

D. Project management and coordination

Project management and coordination, including design and implementation of results-based monitoring and evaluation activities.

* * *

The Project is expected to be completed by April 15, 2009.

SCHEDULE 3

Procurement

Section I. General

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

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

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

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

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding.

B. Other Procurement Procedures

1. National Competitive Bidding. (i) Goods estimated to cost less than \$150,000 equivalent per contract; and (ii) works estimated to cost less than \$500,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding in accordance with provisions of paragraphs 3.3, and 3.4 of the Procurement Guidelines.

2. Shopping. (i) Goods locally available, and estimated to cost less than \$30,000 equivalent per contract; and (ii) works estimated to cost less than \$50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

3. Community Participation. Goods, works, and services required for Part C of the Project may be procured on the basis of community participation in accordance with the procedures set forth in the PIM.

Section III. Particular Methods of Procurement of Consultants' Services

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

B. Other Procedures

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

2. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7, and 3.8 of the Consultant Guidelines.

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

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

Section IV. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Bank:

(a) (i) the first three (3) contracts for goods, (ii) the first three (3) contracts for works, and (iii) the first five (5) contracts for services;

(b) (i) each contract for goods estimated to cost the equivalent of \$150,000 or more, and (ii) each contract for works estimated to cost the equivalent of \$200,000 or more;

(c) (i) each contract for consultants' services procured by Single-Source Selection; (ii) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; and (iii) each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more; and

(d) workshops, training and study tours, including proposed budget, agenda, participants, location of training.

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

SCHEDULE 4

Implementation Program

A. Project Oversight and Implementation Arrangements

1. The Recipient shall maintain, until Project completion, the PMU, in form and substance, and with functions, resources, and adequate staff with experience and qualifications, all satisfactory to the Bank.
2. The PMU shall be headed by a Project Coordinator, appointed by the Recipient on the basis of terms of reference in form and substance satisfactory to the Bank. The PMU shall appoint the following key staff for the Project: an international technical assistant, a chief accountant, a monitoring and evaluation specialist, an environmentalist, a procurement specialist, and an accountant.
3. The PMU shall be responsible for the overall management and coordination of Project implementation. It shall be responsible for: (i) preparation and implementation of annual work plans and budgets for each Part of the Project; (ii) establishment and operation of a decentralized monitoring and evaluation system; (iii) financial and administrative management of Project resources, including procurement and financial management; and (iv) after review and approval by the CDC of the request for a Subproject Grant presented by a Community, signing of the Subproject Grant Agreement on behalf of the Recipient.
4. The PSCU shall have joint responsibility with the PMU for the following activities: (i) planning of marshland and hillside rehabilitation; (ii) zoning pertaining to the protection of critical ecosystems; (iii) development and promotion of sustainable resource exploitation technologies; (iv) development of community-based integrated ecosystem management (including watershed management) plans; and (v) participatory monitoring and evaluation of these plans.
5. The Recipient shall establish and maintain, until Project completion, a Steering Committee, which shall be common to the Project and the Program, in form and substance, and with functions, staffing, and resources satisfactory to the Bank.
6. The Steering Committee shall be responsible for: (i) oversight of and provision of advice to the PMU and the PSCU; (ii) ensuring effective inter-ministerial coordination in specific areas of Project implementation and defining a policy and strategy for modalities of cooperation between the PMU and the PSCU; and (iii) provision of assistance and guidance in resolving issues associated with Project implementation.
7. The Steering Committee shall comprise representatives of the MINITERE, MINAGRI, MINECOFIN, MINALOC, and MINEDUC.

8. The Local Administrations and actors involved in Program implementation shall also be involved in: (i) the selection of Subprojects in accordance with the Subproject appraisal requirements and the approval process defined in the PIM, and (ii) the monitoring and management of the execution of the Subprojects falling in their respective areas of responsibility.

9. The Recipient shall carry out the Project in accordance with the PIM and, except as the Bank shall otherwise agree, shall not amend or waive any provision of the PIM if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objective thereof.

B. Subprojects

General

Without limitation upon the provisions of Part A of this Schedule, the Recipient shall appraise, approve, and monitor the Subprojects under Part C.3 of the Project in accordance with the provisions of this Part B and the PIM.

Eligibility Criteria and Procedures for Subprojects

1. No proposed Subproject shall be eligible for financing under the Project unless the CDC has determined, on the basis of an appraisal conducted in accordance with this Part B and the PIM, that the proposed Subproject satisfies the eligibility criteria specified below and in further detail in the PIM, which shall include, *inter alia*, the following:

(a) the proposed Subproject shall be initiated by a Producer or Community which meets the eligibility criteria specified in the PIM, and such Producer or Community shall be eligible for subsequent Subproject Grants if it has completed the Subproject to the satisfaction of the Bank and the Recipient;

(b) the proposed Subproject shall be for, but not limited to, activities set forth in Part C.3 of the Project and further detailed in the PIM;

(c) the investment cost of each proposed Subproject financed by the Recipient shall not exceed \$2,000 equivalent for Producers and \$5,000 equivalent for Communities, except as previously agreed with the Bank; and

(d) the financing of the proposed Subproject shall be fully covered by the sum of the Subproject Grant and the Beneficiary's contribution.

2. No proposed Subproject shall be eligible for financing under Part C.3 of the Project if the CDC has determined, on the basis of an appraisal conducted in accordance with this Part B and the PIM, that the proposed Subproject satisfies any of the non-eligibility criteria specified below and in further detail in the PIM, which shall include, *inter alia*, the following:

(a) the proposed Subproject being for activities relating to the production of tobacco or hallucinogen plants; and

(b) the proposed Subproject being for investments not proven to be in compliance with applicable land law.

Terms and Conditions of Subproject Grant Agreements

1. A Subproject shall be carried out pursuant to a Subproject Grant Agreement, to be concluded between the PMU on behalf of the Recipient and a Beneficiary, under terms and conditions, satisfactory to the Bank, described in further detail in the PIM, which, *inter alia*, shall include the following:

(a) the obligation of the Beneficiary to contribute in form of labor, in cash or in kind to the projected Subproject;

(b) the obligation of the Beneficiary to: (i) carry out the Subproject with due diligence and efficiency and in accordance with sound environmental, engineering, financial, and managerial practices; and (ii) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations, and expenditures relating to the Subproject;

(c) the requirement that the goods, works, and consultants' services to be financed from the proceeds of the Subproject Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement, and shall be used exclusively in the carrying out of the Subproject; and

(d) the right of the PMU, on behalf of the Recipient, and of the Recipient in its own right, to: (i) inspect by itself, or jointly with the Bank, if the Bank shall so request, the goods, works, sites, plants, and construction included in the Subproject, the operations thereof, and any relevant records and documents; (ii) obtain all information as it, or the Bank, shall reasonably request regarding the administration, operation, and financial condition of Subprojects; and (iii) suspend or terminate the right of any Beneficiary to use the proceeds of the Subproject Grant upon failure by the Beneficiary to perform any of its obligations under the Subproject Grant Agreement;

2. The PMU or the Recipient, as the case may be, shall exercise its rights under the Subproject Grant Agreement in such manner as to protect its interests and the interests of the Bank and to achieve the Project objective, and, except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Subproject Grant Agreement or any substantive provision thereof.

C. Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the PEA, including the ESMP and PMP, and, except as the Bank shall otherwise agree, the Recipient shall not amend or waive any provision of the aforementioned if such amendment or waiver may, in the opinion of the Bank, materially or adversely affect Project implementation.

2. The Recipient shall ensure that each of Parts C.3 (a) - (d) of the Project is implemented in accordance with the provisions of the respective WREA, and, except as the Bank shall otherwise agree, the Recipient shall not amend or waive any provision of the aforementioned if such amendment or waiver may, in the opinion of the Bank, materially or adversely affect implementation.

D. Project Monitoring and Evaluation

Annual Work Plans and Budgets

1. The Recipient shall furnish to the Bank as soon as available, but in any case not later than October 1 of each year, the Annual Work Plan and budget for each subsequent Project Year, of such scope and in such detail as the Bank shall have reasonably requested, except for the Annual Work Plan and budget for Project Year 1, which shall be furnished no later than 30 days after the date set out in Section 6.02 of this Agreement.

Annual Reviews

2. The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 5 to this Agreement, 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, on or about June 30 of each year, 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 September 30 or such later date as the Bank shall request, the report 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 report and the Bank's views on the matter.

Midterm Review

3. The Recipient shall:

(a) carry out jointly with the Bank, no later than April 15, 2007, a midterm review to assess the status of Project implementation, as measured against the performance indicators referred to in Schedule 5 to this Agreement. Such review shall include an assessment of the following: (i) overall progress in the implementation of the Project; (ii) results of monitoring and evaluation activities; (iii) Annual Work Plans and budgets; and (iv) progress on procurement and disbursement; and make adjustments to the Project and reallocate funds to improve performance, if needed. This review shall in particular include, without limitation, an assessment of the inter-ministerial committee to plan and coordinate the use and protection of the wetlands (or such alternative coordination mechanism aiming at ensuring that the actions needed in order to effectively implement and enforce the national wetland policy and regulations), including its legal status, its sustainability, its composition, its responsibilities and powers, its technical, financial and human resources and capacity, its reviewing, approving, planning coordinating, implementing and monitoring activities, its strength and weaknesses and its overall efficiency;

(b) prepare and furnish to the Bank, three (3) months before such review, a report, in scope and detail satisfactory to the Bank, needed to undertake the review, 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 the said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and

(c) review, jointly with the Bank, the report 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 report and the Bank's views on the matter.

SCHEDULE 5

Performance Indicators

The Recipient shall implement the Project in accordance with the performance indicators set forth below:

Part A of Project: Development of policy and regulatory environment for sustainable wetland and natural resource management

1. End of Project Year 1: an inter-ministerial committee to plan and coordinate the use and protection of the wetlands (or other alternative coordination mechanisms aiming at ensuring that the actions needed in order to effectively implement and enforce the national wetland policy and regulations) is created;
2. End of Project Year 2: the national wetland policy is developed and effective; and
3. End of Project Year 2: the national strategy and the action plan including priority actions for the sustainable use of wetland are approved by the inter-ministerial committee or alternative coordination mechanisms referred to in the first key indicator and the actions included in said action plan for such year are implemented.

Part B of Project: Capacity building and institutional strengthening in decentralized integrated ecosystem management

1. End of Project Year 2: 50% of the Districts involved in the Project have adopted an integrated ecosystem management approach in their development plans.

Part C of Project: Development and implementation of Community-based integrated ecosystem management plans for critical ecosystems

1. End of Project Year 3: at least two watershed management plans are prepared and approved by the inter-ministerial committee or alternative coordination mechanisms referred to in the first key indicator;
2. End of Project Year 3: three community-based integrated ecosystem management plans are formulated and implemented;
3. End of Project Year 4: four community-based integrated ecosystem management plans are formulated and implemented; and

4. End of Project Year 4: the income of farmers using improved and tested technologies in rehabilitated wetlands and in watershed/catchment areas has increased by at least 50%.

Part D of Project: Project Monitoring and Evaluation

1. Three months after the Effective Date: the management and evaluation system is discussed by all stakeholders and approved; and
2. Timely preparation and transmission to the Bank and other stakeholders, as the case may be, of good quality progress reports, FMR and other reports in accordance with this Agreement.