Global Environment Facility
Grant Agreement

(Community Action Program Support Project 2)

between

REPUBLIC OF NIGER

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated September 25, 2008
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated September 25, 2008, entered into between:

REPUBLIC OF NIGER (“Recipient”); and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(“World Bank”), acting as an implementing agency of the Global Environment Facility
(“GEF”).

WHEREAS: (A) Pursuant to the IDA Financing Agreement (as defined in the
Appendix to this Agreement), IDA is providing the IDA Financing (as defined in the
Appendix to this Agreement) to the Recipient for the financing of a portion of the Project
(as hereinafter defined);

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

THE PARTIES HERETO NOW AGREE AS FOLLOWS:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various
Funds, dated July 20, 2006 (“Standard Conditions”), constitute an integral part of
this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this
Agreement have the meanings ascribed to them in the Standard Conditions or in
this Agreement.
Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project") and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and with the Rio de Janeiro Convention on Biological Diversity of June 5, 1992, the United Nations Framework Convention on Climate Change of May 9, 1992, and the Paris United Nation Convention to Combat Desertification of June 17, 1994, each ratified by the Recipient.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to four million six hundred and seventy thousand United States Dollars ($4,670,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02 (i) of the Standard Conditions consists of the following:

(a) As a result of an event which has occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Program, or a substantial part of the Program, can be carried out.
Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The IDA Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness have been fulfilled.

(b) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental actions.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (b), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.
Article VI
Recipient's Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the minister of the Recipient at the time responsible for finance.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile:

227 20 73 59 34

6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1 202 477 6391
AGREED at Niamey, Niger, as of the day and year first above written.

REPUBLIC OF NIGER

By /s/ Ali M. Lamine Zeine

Authorized Representative

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

By /s/ Ousmane Diagana

Authorized Representative
SCHEDULE 1

Project Description

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

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

Part A: Capacity Building

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

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

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

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

   (a) MI/SP/D and HCME, to clarify, update and finalize the legal texts on local governance, transfers of resources from the central to the local governments, and fiscal decentralization;
(b) MAT/DC, to develop, update, disseminate and monitor the implementation of operational tools on communal planning;

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

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

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

Part B: Local Investment Fund

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

Part C: Project Coordination, Management, Monitoring and Evaluation

Support the: (i) administrative and financial management; (ii) results-based monitoring and evaluation system of the performance and impact of the Project; and (iii) dissemination of results; including (iv) the activities under each such sub-components related to sustainable land management.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

The Recipient shall maintain each of the institutional and other arrangements described in Section I of Schedule 2 to the IDA Financing Agreement throughout the implementation of the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) At completion of the Project, the percentage of Targeted Communes in which 50% or more of the population is satisfied by the implementation of the Communal Development Plan through the Annual Investment Plan has reached 63%.

(ii) At completion of the Project, the percentage of Targeted Communes that has increased the rate of coverage of social services by more than 2% in one of the following three sectors (education, health, potable water), as each of said rates is further defined in the Project Implementation Manual, has reached 50%.

(iii) At completion of the Project, the percentage of Beneficiaries of Matching Grants for income generating activities whose income has increased by 20%, has reached 60%.
(iv) At completion of the Project, the percentage of Targeted Communes in which more than 200 additional hectares of land are protected and reclaimed has reached 60%.

(v) At completion of the Project, the percentage of Targeted Communes having set up a Communal Land Tenure Committee (COFOCOM) which has started delivering land transaction instruments has increased from 36% to 100%.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 as revised in
October 2006 (“Procurement Guidelines”) in the case of goods, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 as revised in October 2006 (“Consultant Guidelines”) in the case of consultants’ services; and

(b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

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

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

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

2. **Other Methods of Procurement of Goods.** The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan:

(a) National Competitive Bidding, subject to the following additional provisions listed in (i) to (x) below:

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

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

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

(iv) The division of expenditures in accordance with article 34 of the Procurement Code shall be subject to Prior Review by the World Bank.

(v) The national preference provided for by article 36 of the Procurement Code shall not apply.

(vi) In addition to the provision of article 40 of the Procurement Code, the shortlist of bidders shall be subject to Prior Review by the World Bank.

(vii) Each contract procured through direct contracting in accordance with article 42 of the Procurement Code shall be subject to Prior Review by the World Bank.

(viii) The amount of the bidder’s guarantee provided for in article 79 of the Procurement Code shall be determined as a percentage (1 to 2%) of the estimated cost of the contract.

(ix) No representatives of the private sector or of the donors shall be included in the Recipient’s committee for bid evaluation and award despite the provisions of Articles 3, 15 and 26 of the Recipient’s arrêté 113 dated October 10, 2006.

(x) The conditions of application of the various methods of procurement under the National Competitive Bidding shall be determined in the Procurement Plan (notwithstanding any contrary provisions of articles 5 and 7 of Recipient’s arrêté 270/CAB/PM/ARMP, dated October 24, 2007).

(b) Shopping;

(c) Direct Contracting; and

(d) Community Participation procedures which have been found acceptable to the World Bank.
C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan:

   (a) Quality-based Selection;

   (b) Least Cost Selection;

   (c) Selection based on Consultants’ Qualifications;

   (d) Single-source Selection; and

   (e) Selection of Individual Consultants.

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

D. Review by the World Bank of Procurement Decisions

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

   (a) each contract for goods estimated to cost the equivalent of $300,000 or more,

   (b) each contract for goods procured on the basis of Direct Contracting,

   (c) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $200,000 or more,
(d) each contract for consultants’ services procured on the basis of Single Source Selection, and

(e) each amendment to a contract raising the contract value by 15% of original value or more, or raising the contract value above the prior review threshold.

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

2. All terms of reference for the selection of consultants, without regard for the estimated cost of the proposed contract, shall be subject to the World Bank’s prior review.

3. All Training activities will be carried out on the basis of annual budgets and programs submitted annually for the prior written approval of the World Bank. Said annual budgets and programs shall identify the general framework of the Training and similar activities for the year, and shall include: (a) the type of Training; (b) the purpose of the Training; (c) the personnel to be trained; (d) the institution which will conduct the Training; (e) the location of the Training; (f) the duration of the proposed Training; and (g) the outcome and impact of the Training.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services including audits, and Training for sub Parts A(1)(b) and A(2)(e) and sub Part C(iv) of the Project</td>
<td>1,430,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Matching Grants under sub Part (B)(ii) of the Project</td>
<td>3,000,000</td>
<td>35% of amounts disbursed</td>
</tr>
<tr>
<td>(3) Operating costs for sub Parts A(1)(b) and A(2)(e) and sub Part C(iv) of the Project</td>
<td>240,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,670,000</td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is April 30, 2013.

**Section V. Other Undertakings**

A. No later than three (3) months after the Effective Date, or such later date as agreed in writing by the World Bank, the Recipient shall have recruited in accordance with the provisions of Section III of Schedule 2 to this Agreement and signed under contract an external independent auditor for the Project, with terms of reference, qualifications and experience satisfactory to the World Bank.

B. No later than twenty-four (24) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the World Bank, the Recipient and the World Bank shall carry out a mid-term review of the Project, covering the progress achieved in the implementation of the Project. The Recipient shall
prepare under terms of reference satisfactory to the World Bank, and furnish to
the World Bank three (3) months prior to the beginning of such mid-term review
of the Project, or on such other date agreed upon with the World Bank in writing,
a report integrating the results of the monitoring and evaluation activities
performed pursuant to this Agreement, on the progress achieved in the carrying
out of the Project during the period preceding the date of such report, and setting
out the measures recommended to ensure the efficient carrying out of the Project
and the achievement of the objective of the Project during the period following
such date.
APPENDIX

Definitions


2. “Annual Work Program” means the annual work program including a budget and a procurement plan prepared by the Recipient in accordance with the Project Implementation Manual.

3. “Beneficiary” means a Community (as hereinafter defined) belonging to a Targeted Commune (as hereinafter defined) which has met the eligibility criteria specified in Section I (C) of Schedule 2 to the IDA Financing Agreement and in the Project Implementation Manual (as hereinafter defined) and, as a result, has been extended or is to be extended a Matching Grant (as hereinafter defined) for the carrying out of a Micro-project (as hereinafter defined); and “Beneficiaries” means each such Communities collectively.

4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


6. “Communal Land Tenure Committee” and “COFOCOM” means one of the Recipient’s communal land tenure committees, governed by the Recipients decision (arrêté) no. 098/MDA/CNCR/SP of November 25, 2005, and “Communal Land Tenure Committees” means collectively each such Communal Land Tenure Committee.

7. “Commune” means a territorial and administrative subdivision within a Region (as hereinafter defined) as defined by the Recipient’s Law no. 2002-012 of June 11, 2002, and created by the Recipient’s Law no. 2002-014 of June 11, 2002.
8. “Community” means a group of socially cohesive local populations in the Communes.


10. “IDA Financing” means the eighteen million five hundred thousand Special Drawing Rights (SDR 18,500,000) from IDA to the Recipient referred to in Part (A) of the Preamble to this Agreement.

11. “IDA Financing Agreement” means the agreement of even date herewith between IDA and the Recipient, pursuant to which IDA provides the IDA Financing for the financing of a portion of the Project, as such agreement may be amended from time to time, and such term includes all appendices, schedules and agreements supplemental to the IDA Financing Agreement.

12. “HCME” means the Recipient’s High Commission for State Modernization (Haut Commissariat à la Modernisation de l’Etat) established within the Prime Minister’s office.

13. “Matching Grants” means a grant made or proposed to be made by the Recipient to a Targeted Commune out of the proceeds of the Grant for the purpose of financing a Micro-project implemented or to be implemented by a Beneficiary (subject to the provision of sub-paragraph (b) of Section I (C)(3) of Schedule 2 to the IDA Financing Agreement).

14. “Matching Grant Agreement” means an agreement between, or intended to be concluded between, the Recipient and a Targeted Commune, setting forth the terms and conditions under which the proceeds of a Matching Grant shall be made available to the Beneficiary for the purpose of financing a Micro-project (subject to the provision of sub-paragraph (b) of Section I (C)(3) of Schedule 2 to the IDA Financing Agreement).

15. “MAT/DC” means the Recipient’s ministry responsible for community development (Ministère de l’Aménagement du Territoire et du Développement Communautaire).

16. “MDA” means the Recipient’s ministry responsible for agriculture (Ministère du Développement Agricole).
17. “ME/LCD” means the Recipient’s ministry responsible for environment (Ministère de l’Environnement et de la Lutte contre la Désertification).

18. “Micro-project” means one or more specific activities carried out or to be carried out by a Beneficiary and financed or proposed to be financed through a Matching Grant under Part B of the Project.


20. “National Coordination Unit” means the Recipient’s national coordination unit within the MDA established by decision (arrêté) no. 115/MDA/CAB of July 25, 2003.

21. “National Institution” means a Recipient’s national institution involved in the promotion of decentralization benefiting from an activity under Part A of the Project.

22. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the World Bank, incurred by the National Coordination Unit, the Regional Coordination Units, the Targeted Communes, and the National Institutions and their decentralized services involved in the Project implementation, management and monitoring, including operation and maintenance costs of office, vehicles and office equipment; water and electricity utilities, telephone, office supplies, bank charges, additional staff costs, travel and supervision costs, per diem, but excluding the salaries of officials and public servants of the Recipient’s civil service.


24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated July 1st, 2008 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

25. “Program” means the program of objectives and actions designed to support the implementation of the Recipient’s decentralization and local development policy and set forth or referred to in the letter dated February 7, 2003 from the Recipient to the World Bank.
26. “Project Implementation Manual” means the Recipient’s guidelines and procedures, in form and substance satisfactory to the World Bank, adopted by the Recipient on October 30, 2002, and used for the purpose of implementing the Project, including in the areas of monitoring and evaluation, coordination, social and environmental safeguards, and other provisions related to the institutional organization, as such guidelines and procedures may be amended from time to time with the prior written agreement of the World Bank, and such term includes any schedule to the Project Implementation Manual.


28. “Region” means each of the eight administrative regions of the Recipient’s territory established by law no. 2002-012 of June 11, 2002.

29. “Regional Coordination Unit” means each of the regional coordination unit established by the Recipient for the implementation of the first phase of the Program in accordance with the Project Implementation Manual.

30. “Steering Committee” means the Recipient’s steering committee established by decision (arrêté) no. 032/MDA/PAC of February 7, 2003.

31. “Targeted Communes” means the set of Communes selected to participate in the Project, and “Targeted Commune” means any of them.

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