Global Environment Facility
Trust Fund Grant Agreement

(Second National Fadama Development
Critical Ecosystem Management Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated April 26, 2006
GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated April 26, 2006, between the FEDERAL REPUBLIC OF NIGERIA (the Recipient) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

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 thereby promote 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 94-2);

(C) the Recipient, having satisfied itself as to the feasibility and priority of the project (the Project) described in Schedule 2 to this Agreement, 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; 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 (a) and (c), 12.02 (a) and (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), 6.02 (f) and 5.01 (a) 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) Section 5.08 of the General Conditions is amended to read as follows:

“Section 5.08. Treatment of Taxes

Except as otherwise provided in the GEF Trust Fund Grant Agreement, the proceeds of the GEF Trust Fund Grant may be withdrawn to pay for taxes levied by, or in the territory of, the
Recipient on the goods or services to be financed under the GEF Trust Fund Grant, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Bank’s policy of requiring economy and efficiency in the use of the proceeds of its grants such as the GEF Trust Fund Grant. To that end, if the Bank shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the GEF Trust Fund Grant is excessive or otherwise unreasonable, the Bank may, by notice to the Recipient, adjust the percentage for withdrawal set forth or referred to in respect of such item in the GEF Trust Fund Grant Agreement as required to be consistent with such policy of the Bank.”

(vii) 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.”;

(viii) 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 the Recitals to this Agreement have the respective meanings therein set forth:

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

(b) “Eligible Categories” means Categories (1) through (5) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(c) “Eligible Expenditures” means the expenditures for goods, consultants’ services, training, workshops and study tours, Subprojects, and incremental operating costs referred to in Section 2.02 of this Agreement;

(d) “Environmental Management Plan” means the plan that includes the set of mitigation, enhancement, monitoring, and institutional measures dated July 29, 2003, to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts;

(e) “Fadama” means floodplains and low-lying areas underlined by shallow aquifers, as found along the Recipient’s major river and wetland systems;
(f) “Fadama GEF Desk Office” means the unit to be established within the NFDO for coordinating implementation of Project activities;

(g) “FCA” means a Fadama Community Association, directed by a management committee, governed by rules and regulations adopted pursuant to the participatory and socially inclusive procedures set forth in the Project Implementation Manual (as hereinafter defined), duly registered with the Cooperative Department of a Participating State, and consisting of farmers, pastoralists, fisher folks, hunters, gatherers, and service providers in the respective Fadama;

(h) “FMEnv” means the Recipient’s Federal Ministry of Environment;

(i) “FMARD” means the Recipient’s Federal Ministry of Agriculture and Rural Development;

(j) “FMoF” means the Recipient’s Federal Ministry of Finance;

(k) “FUG” means a Fadama User’s Group, such as a Farmers’ Association, Pastoralist Association, Water Users’ Association, and other economic interest groups in the Fadamas;

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

(m) “Financial Procedure Manual” means the manual adopted by the Recipient containing accounting, financial and auditing procedures for maintaining proper financial controls in the implementation of the Project;

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

(o) “LDP” means a Local Development Plan comprising an agreed list of priority public infrastructure Subprojects; opportunities for advisory services for Fadama enterprise production and marketing; operation and maintenance of Subproject investments; capacity building of the FCA; and systems for assigning Fadama usufruct rights;

(p) “LFD” means a Local Fadama Desk, consisting of persons who collect and screen Local Development Plans, and which serves as the secretariat to the LFDC, (as hereinafter defined);

(q) “LFDC” means a Local Fadama Development Committee, chaired by the chairperson of the local government council, with a traditional or community leader serving as the deputy chairperson, and including a secretary and treasurer, and responsible for Project activities in Fadama communities;

(r) “Non-Governmental Organization” or “NGO” means an entity established and operating as such under the laws of the Recipient;
(s) “NFDO” means the National Fadama Development Office referred to in paragraph 2 of Schedule 4 to this Agreement;

(t) “NFTC” means the National Fadama Technical Committee, chaired by the Permanent Secretary of FMARD or his or her representative, with composition and terms of reference satisfactory to the Bank, to provide technical advice on and monitor implementation of the Project;

(u) “Participating State” means each of the following six states: Bauchi, Imo, Kebbi, Kogi, Kwara and Ogun;

(v) “Procurement Plan” means the Recipient’s procurement plan, dated September 28, 2005, 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 12 month periods (or longer) of Project implementation;

(w) “Project Implementation Manual” or “PIM” means the manual to be adopted for the implementation of the Project, giving disbursement arrangements, performance indicators, terms of reference of staff and other administrative, financial and organizational arrangements, including a chapter on procurement procedures, and setting forth the criteria for the Subprojects, (as hereinafter defined), as such manual may be amended by the Recipient from time to time with the prior agreement of the Bank;

(x) “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;

(y) “SFDC” means the State Fadama Development Committee, a subcommittee of the Agricultural Development Project Executive Committee and referred to in paragraph 4 of Schedule 4 to this Agreement;

(z) “SFDO” means the State Fadama Development Office to be established and maintained within the Agricultural Development Project of the State Ministry of Agriculture of each Participating State, responsible for coordination of Project implementation in such Participating State, and for any activities under its responsibility;

(aa) “Second National Fadama Development Project” or “Fadama II” means the Recipient’s project designed to: (i) increase the incomes of Fadama users in a sustainable manner; (ii) empower communities to take charge of their own development agenda; and (iii) reduce conflict between Fadama user groups through the financing of investments in human and physical capital, building the capacity of Community organizations and government at all levels to deliver services, improving the capacity of the economically-active rural poor to raise their incomes through targeted activities, and promoting socially-harmonious and environmentally-sustainable management of natural resources;

(bb) “Subproject” means a subproject part of an approved LDP to be carried out by an FCA or FUG, that satisfies the eligibility criteria set out in the Project Implementation Manual;
(cc) “Subproject Agreement” means the agreement to be entered into between the Participating State and an FCA for implementation of a Subproject; and

(dd) “State Watershed Subcommittee” or “SWS” means a subcommittee to be established in each Participating State consisting of representatives of key state natural resources management agencies.

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 ten million thirty thousand Dollars ($10,030,000).

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 December 31, 2011, 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 FMARD with due diligence and efficiency and in conformity with appropriate agricultural, irrigation, administrative, financial, socially-inclusive 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 Section 3.01 of this Agreement 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 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 9.08 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.

Section 3.04. The Recipient shall through FMARD cause the NFDO and each SFDO to carry out activities under Parts B and C of the Project in accordance with the Environmental Management Plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall cause FMARD to 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 cause FMARD to:

(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 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 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 Paragraphs 9 and 10 of Schedule 4 to this Agreement the Recipient shall cause FMARD to 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 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 60 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

Effectiveness, Termination

Section 5.01. 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 5.02. 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 VI

Representative of the Recipient; Addresses

Section 6.01. The Minister of the Recipient at the time responsible for finance is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Federal Ministry of Finance
Ahmadu Bello Way, Central Area
PMB 14, Garki
Abuja
Nigeria

Cable address: FEDMINFIN
Facsimile: (234-9) 234-3609

Abuja

For the Bank:

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

Cable address: INTBAFRAD
Telex: 248423 (MCI)
Facsimile: (202) 477-6391

Washington, D.C.

64145 (MCI)
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.

FEDERAL REPUBLIC OF NIGERIA

By /s/ Ngozi Okonjo-Iweala

Authorized Representative

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

By /s/ Hafez Ghanem

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of GEF Trust Fund Grant Allocated (Expressed in Dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>100,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(2) Consultants Services</td>
<td>4,300,000</td>
<td>85%</td>
</tr>
<tr>
<td>(3) Training, including</td>
<td>630,000</td>
<td>100%</td>
</tr>
<tr>
<td>workshops and study tours</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Subprojects</td>
<td>3,500,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(5) Incremental operating costs</td>
<td>430,000</td>
<td>80%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>1,070,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>10,030,000</td>
<td></td>
</tr>
</tbody>
</table>

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 rental and utilities, office supplies, bank charges, communications, vehicle operation, maintenance, and insurance, building and equipment maintenance, travel and supervision, and advertising, but
excluding salaries, bonuses, honoraria and fees of members of the Recipient’s and the Participating States’ civil service.

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.

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) goods costing less than $500,000 equivalent per contract; (b) services of individual consultants costing less than $100,000 equivalent per contract; (c) services of consulting firms under contracts costing less than $200,000 equivalent per contract; (d) training, including workshops and study tours; (e) Subprojects; and (f) incremental operating costs, 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 FMR 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. GEF Special Account

1. The Recipient may open and maintain in Dollars a special deposit account in a commercial Bank acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.

2. After the Bank has received evidence satisfactory to it that the GEF Special Account has been opened, withdrawals from the GEF Trust Fund Grant Account of amounts to be deposited into the GEF 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 GEF Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Recipient out of the GEF 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 GEF 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 GEF 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 GEF 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 GEF 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 GEF 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 GEF 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 GEF 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 GEF 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 GEF 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 this Agreement.
Operate Special Account
When Withdrawals Are Not
Report-based Disbursements

1. For the purposes of this Annex, the term “Authorized Allocation” means the amount of $850,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the GEF Special Account pursuant to paragraph 2 of this Annex.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the GEF 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 GEF 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 GEF Special Account such amount as the Recipient shall have requested.

   (b) For replenishment of the GEF Special Account, the Recipient shall furnish to the Bank requests for deposit into the GEF 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 GEF 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 GEF Special Account for Eligible Expenditures. Each such deposit into the GEF 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 GEF 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 GEF 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 GEF Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the GEF 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 GEF 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 enhance the productivity of Fadama areas, and the livelihood systems supported by them, through sustainable land use and water 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 objective.

Part A. Capacity Building

1. Institutional strengthening for integrated watershed management:
   
   (a) Review of policies and regulations at federal level, identification of gaps and overlaps, and elaboration and adoption of coordination mechanism;
   
   (b) Enhancement of capacity of state and local level agencies, including NGOs, Community representatives, and Fadama II facilitators responsible for supporting communities in Project implementation for sustainable land use planning at watershed level, through development of training modules and toolkits for sustainable resource base management at watershed level, including technical planning and analytical tools for government officials, tillage and crop mix/rotation techniques for farmers, and sustainable harvest techniques for timber and non-timber forest products and fishing for Community members;
   
   (c) Carrying out of strategic and baseline studies, including detailed ecological assessment, of Project activities in selected sites in Participating States for purposes of monitoring Project impact; and
   
   (d) Use of Geographic Information System and Remote Sensing technology for purposes of monitoring Project impact.

2. Capacity building at Community level for watershed management:

   (a) Carrying out of Community awareness program, including folk plays, focus groups, talks at Community meetings, in schools, and to women’s groups, radio programs, and promotional materials, in respect of the Project; and
   
   (b) Strengthening sustainability of development planning at Community level through provision of support to SFDO Fadama Environment Officer and other state level officers responsible for environmental and natural resource management for purposes of incorporation of global issues at watershed level and monitoring of implementation progress in LDPs.
Part B. Integrated Ecosystem Management at Watershed Level

1. Protection of critical watersheds:
   
   (a) Sustainable management of forest resources for purposes of Fadama area protection through provision of support for management of Eriti Community Forest, Dumbegu Communal Forest area, Buzuzu Forest Reserve in Andiwa Lake intervention area, Ohaji Forest Reserve and Ajasse-Ipo Communal Forest; and

   (b) Development of watershed planning and coordination capacity through establishment of coordinating mechanism and provision to SWS of training in planning and monitoring and of support for data collection, collation, and analysis.

2. Improved water management:
   
   (a) Carrying out of study of reservoir management impact on water regime in Fadama areas, specifically Ajasse-Ipo, Koton-Karfe, Eriti, Dumbegu and making of recommendations for management of Kainji, Jebba, Shiroro Hydro-Dams, Shagari Dam on River Zamfara., Oyan Dam on River Oyan and Iludu-Oro Dam on River Osin;

   (b) Development of management plan for Oguta Lake; and

   (c) Carrying out of improvements in groundwater management through water assessment and balance in selected sites, making of recommendations of remedial activities for recharge of underground aquifers, and development of water management plans by Participating States and of specific action plans for groundwater management in Fadama areas.

Part C. Sustainable Community Land Management

Provision of support to FCA for implementation of eligible Subprojects aimed at enhancing structural and functional integrity of ecosystems, such as:

1. Promotion of biodiversity conservation;

2. Creation of alternative livelihoods in highly degraded Fadama areas;

3. Provision of support to energy-efficient use of solid fuels for watershed protection and carbon dioxide sequestration;

4. Establishment of Community woodlots on riverbanks and other degraded Fadama areas; and

5. Adoption of indigenous and improved farming practices promoting sustainable land management, particularly improved tillage methods, soil and water conservation techniques, and efficient pasture and rangeland management.
Part D. Project Management, Monitoring and Evaluation

Establishment of Project management, monitoring and evaluation mechanisms in conjunction with those established under Fadama II and provision of support to entities at all government levels, particularly the NFDO, SFDOs, LFDs, and committee responsible for screening and approval of Subprojects, for purpose of Project management, both through provision of goods, technical advisory services, and training, carrying out of rehabilitation works at NFDO, SFDOs, and LFDs, and coverage of incremental operating costs.

* * *

The Project is expected to be completed by June 30, 2011.
SCHEDULE 3

Procurement

Section I. General

A. All goods 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 and Services (other than Consultants’ Services)

A. Shopping. Goods shall be procured under contracts awarded on the basis of Shopping.

B. Community Participation. Goods and services required for Part C of the Project may be procured on the basis of community participation in accordance with procedures acceptable to the Bank and set forth in the Project Implementation Manual.

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 $200,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Quality-based Selection. Services for assignments which the Bank agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. 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.

3. **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.

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, subject to prior approval of the Bank.

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) each contract for goods and services (other than consultants’ services) estimated to cost the equivalent of $500,000 or more; (b) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $200,000 or more; and (c) each contract for consultants’ services provided by an individual estimated to cost the equivalent of $100,000 or more. All other contracts shall be subject to Post Review by the Bank.
SCHEDULE 4

Implementation Program

1. Federal Level Coordination and Implementation

(a) The Recipient shall cause FMARD to maintain, until the completion date of the Project, a National Fadama Technical Committee, in form and with functions, membership, staffing and resources satisfactory to the Bank;

(b) Without limitation upon the provisions of Paragraph 1(a) of this Section, the National Fadama Technical Committee shall be responsible for, inter alia: (i) reviewing and approving the annual work plans and budgets prepared by the NFDO; (ii) reviewing the progress made towards achieving the Project’s objectives; (iii) facilitating the coordination of Project activities among the entities represented in the National Fadama Technical Committee, and making recommendations for removal of any barriers to the achievement of the Project’s objectives; and (iv) providing comments on reports and reviews prepared by the NFDO for the benefit of the Bank; and

(c) Without limitation upon the provisions of Paragraph 1(a) of this Section, the National Fadama Technical Committee shall be headed by the Permanent Secretary of FMARD or their representative, and be composed of members duly representing the relevant technical departments or agencies of FMARD, FMoF, the Ministry of Water Resources, FMEnv, Ministry of Women Affairs; representatives of complementary rural sector projects and participating microfinance institutions, and such other entities as the Bank and the Recipient may agree upon from time to time.

2. (a) The Recipient shall: (i) cause the NFDO to prepare and furnish to the Bank the Project Implementation Manual, in form and substance satisfactory to the Bank, for the carrying out of Project activities; (ii) cause the NFDO and each SFDO to carry out the Project activities in accordance with the said Project Implementation Manual; and (iii) except as the Bank shall otherwise agree, ensure that the NFDO and each SFDO shall not amend, abrogate or waive any provision of the Project Implementation Manual which, in the opinion of the Bank, may materially and adversely affect the implementation of the Project or the achievement of the objectives thereof; and

(b) Without limitation upon the provisions of Paragraph 2 (a) of this Section, the Project Implementation Manual shall comprise: (i) Project implementation arrangements; (ii) procurement arrangements; (iii) financial management arrangements; and (iv) such other administrative, financial, technical and organizational arrangements as shall be required for the Project;

3. (a) The Recipient shall cause FMARD to maintain the NFDO, headed by a National Project Coordinator, and include an accountant, internal auditor, a procurement officer, and technical staff, all with qualifications and experience satisfactory to the Bank;
(b) The NFDO, through the Fadama GEF Desk Office, shall be responsible for overall coordination of Project implementation at the Federal level. Staff shall be appointed to the NFDO for three 2-year terms renewable subject to satisfactory performance and shall not be replaced without informing the Bank; and

(c) The NFDO shall: (i) prepare for the Project, monthly and quarterly financial reports in form and substance satisfactory to the Bank; and (ii) promptly thereafter furnish said reports to the Bank.

4. State and Local-Level Coordination and Implementation

For the purpose of ensuring the proper execution of the Project, the Recipient shall cause each Participating State to establish and thereafter maintain:

(a) a State Fadama Development Committee, headed by the Permanent Secretary of the State Ministry of Agriculture or their representative, and be composed of other members duly representing the relevant technical departments or agencies of the State Ministries of the Environment and Water Resources, and such other entities as the Bank, the Recipient and the Participating State may agree upon from time to time;

(b) the Recipient shall cause each Participating State to establish a State Watershed Subcommittee consisting of representatives of key natural resources management agencies including agriculture, water, forestry and environment; the SWS shall be responsible for implementing activities aimed at facilitating the integration of priorities of different agencies in charge of land, vegetative cover and water management;

(c) an SFDO to coordinate Project implementation in the respective Participating State, headed by a Project coordinator with qualifications and experience satisfactory to the Bank, assisted by environmental officer and other technical specialists for implementation, all with qualifications and terms of reference satisfactory to the Bank;

(d) at local levels, an LFDC, headed by the chairperson of the local government council, with a traditional or community leader as the deputy chairperson. Fadama Community Associations consisting of all stakeholder groups in the Fadamas, including farmers, herders, fisher folk, hunters, input/output market agents and other economic interest groups will prepare LDPs. The Local Fadama Desk at the local government will serve as secretariat to the LFDC and will screen LDPs, and comprise two civil servants of the local government. LFDCs will review and approve LDPs, pursuant to criteria specified in the Project Implementation Manual; and

(e) Each FCA will appoint a management committee, consisting of a chairperson, secretary, and treasurer, who will be transparently elected. The management committee will be responsible, through a participatory process, for managing the Subproject cycle, including: priority-setting, developing Local Development Plans, maintaining appropriate documentation for all financial transactions, preparing and forwarding appropriate returns to the LFDC and SFDO, and regularly rendering to community members the accounts of funds received and expenditures incurred.
5. The Recipient shall implement the Project or cause the Project to be implemented in accordance with the Project Implementation Manual and the Financial Procedure Manual, and, except as the Bank shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision thereof which, in the opinion of the Bank, may materially and adversely affect the implementation of the Project or the achievement of the objectives of the Project.

6. The Recipient shall:

   (a) not later than October 30 in each year, furnish to the Bank for review and comments a draft annual work program and training program and supporting budget for the succeeding calendar year for FMARD and each Participating State;

   (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;

   (c) not later than March 31 in each year, furnish to the Bank for its comments and final approval the work program and budgets referred to in paragraph (a) hereof, as such programs and budgets shall have been revised to the satisfaction of the Bank in the course of the review referred to in paragraph (b) hereof; and

   (d) 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.

7. (a) Subprojects shall be selected in accordance with the procedures, guidelines, eligibility criteria and other provisions set forth in detail in the Project Implementation Manual and outlined hereunder. The responsible SFDO in a Participating State, through the NFDO, shall submit summaries of all Subprojects to the Bank, including data on any resettlement. Subprojects shall be implemented with due diligence and efficiency and in accordance with sound administrative, financial, technical and environmental standards;

   (b) Subprojects shall be carried out in accordance with the following:

      (i) Subprojects must be included in the FCA’s LDP in order to be eligible for project financing;

      (ii) call for proposals for Subprojects to enable FCAs to present within a specified time-frame assessable project proposals;

      (iii) the collection, collation, and appraisal of proposals for Subprojects at the State and local levels;

      (iv) training and familiarization of the FCAs on the procedures and other contents of the PIM; and
(v) compensation for any resettlement in accordance with the Resettlement Policy Framework.

(c) The Participating State and the respective FCA shall enter into a Subproject Agreement, in form and substance satisfactory to the Bank, which shall require the FCA to carry out the Subproject with due diligence and efficiency and in conformity with the following administrative and financial practices:

(i) adequate records for the Subproject concerned shall be maintained;

(ii) all goods, works and services required for a Subproject shall be procured in accordance with the provisions of Schedule 3 to this Agreement;

(iii) the goods, works and services so procured shall be used exclusively in the carrying out of the Subproject;

(iv) the Subproject shall be carried out by direct labor under the day to day supervision, at the community level, of the respective FCA or under contract; and

(v) the SFDO shall inspect, by itself or jointly with representatives of the Bank, if the Bank shall so request, any goods, works, plants and construction included in its respective Subproject, the operation thereof, and any relevant records and documents.

8. The Recipient through the FMARD shall cause the NFDO to maintain an effective monitoring and evaluation system, utilizing technical advisory services when necessary to assist it in the generation of information and analysis, and its functions shall include: (i) the development of a data collection system, including social impact monitoring, to be used to establish the performance criteria and impact for each component of the Project; (ii) the compilation and consolidation of monitoring information including data related to performance, impact, expenditure and disbursements; and (iii) the preparation of consolidated quarterly implementation reports for the overall Project.

9. The Recipient through the FMARD shall cause the NFDO:

(a) by February 15 of each year to furnish the National Fadama Technical Committee with progress reports on the discharge of its functions under the Project, the Financial Monitoring Reports for the preceding four quarters, and other documents relating to the progress of each Participating State; and

(b) by March 15 of each year to furnish to the Bank information referred to in paragraph (a) above, together with the comments of the National Fadama Technical Committee thereon.
10. The Recipient shall cause FMARD:

(a) to 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) to prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about May 30, in 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) to review with the Bank, by June 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.
SCHEDULE 5

Performance Indicators

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

A. Project Development Objective

1. By the Project Closing Date, sustainable watershed management coordination capacity has been established in at least 60% of the Participating States.

2. By the Project Closing Date, sustainable land and water management practices have been mainstreamed in local development plans in at least 35% of the FCAs.

3. By the Project Closing Date, the area under sustainable land and water management practices in three pilot sites has increased by at least 80%.

B. Part A of Project

1. By the end of the first year of Project implementation, a framework for watershed management has been prepared.

2. By the Project Closing Date, sustainable land and water use planning has been adopted by at least 50% of FCA members implementing LDPs.

C. Part B of Project

1. By the Project Closing Date, a management plan for Oguta Lake has been prepared and implemented.

2. By the Project Closing Date, 50% of LDPs that have been implemented use an improved groundwater management strategy.

3. By the Project Closing Date, three Community forest reserves have been established in the Participating States.

D. Part C of Project

1. By the Project Closing Date, 50% of the FCAs have implemented alternative livelihood activities in at least 50% of the Participating States.

2. By the Project Closing Date, management plans have been prepared and are under implementation for 60% of highly degraded areas.
E. **Part D of Project**

1. By the end of the first year of Project implementation, Project coordination and management systems have been established in conjunction with those established under Fadama II.

2. By the end of the first year of Project implementation, a Monitoring and Evaluation Manual and Plan have been established for said year.

3. By the Project Closing Date, said Monitoring and Evaluation Plan has been fully implemented and shown to be sustainable.