H.E. Ms. Mariam Mahamat Nour  
Minister of Planning, Economy and International Cooperation  
B.P. 453  
N’djamena, Republic of Chad

Re: Republic of Chad – Enhanced Capacity Towards Sustainable Petroleum Sector Management Project - Grant No. TF0A1558

Excellency:

In response to the request for financial assistance made on behalf of REPUBLIC OF CHAD ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors under the Africa Extractive Industry Trust Fund (AEITF), proposes to extend to the Recipient a grant in an amount not to exceed three million United States Dollars (US$ 3,000,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank ("Effective Date").

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Paul Noumba Um  
Country Director for Chad  
Africa Region
AGREEN:
REPUBLIC OF CHAD

By: 
Authorized Representative 
Name: Hamadi Habib Nour
Title: Directeur du Plan de la Coopération Internationale
Date: 6th DEC 2015

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** 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
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to facilitate the efficient management of petroleum resources by strengthening the technical capacity of the Beneficiaries. The Project consists of the following parts:

1. **Training and Capacity Development.**
   
   A. Provision of exploration-production Training through enhancing the technical capacity of the Beneficiaries to: (i) supervise field operations; and (ii) review reserves assessment to support contract negotiations.
   
   B. Provision of Training in economic and financial management through enhancing the Beneficiaries’ capacity to forecast and manage oil revenues.
   
   C. Carrying out an institutional assessment review and enhanced legal support petroleum development through Training Beneficiaries to: (i) manage issues related to non-compliance contracts, particularly force majeure enforcement; and (ii) use model contracts that are in line with international standards.
   
   D. Carrying out a fragility assessment to identify the fragility factors, impacts and guidance in the petroleum sector to provide adequate training to build the capacity of community stakeholders in the conflict fragile zones, including: (i) building tools to effectively engage community stakeholders, such as conflict prevention strategies and consultations to design and implement a communication strategy and an outreach plan; (ii) supervising the implementation of existing social and environment risk mitigation assessments and action plans; (iii) building the capacity of relevant institutions to address grievances related to the revenues of the petroleum sector; and (iv) developing an equitable and transparent regulatory framework for sustainable petroleum development.

2. **Project Implementation Support**

Provide support to the Recipient in the areas of Project coordination, supervision, financial management, procurement, through the provision of technical assistance, Training and services for the required purpose.
2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

2.03. **Other Arrangements.**

1. **Project Coordination Unit:**

   In order to ensure proper and efficient implementation of the Project, the Recipient shall maintain, at all times during Project coordination, the Support Project for Public Administration of Civil Servants, with a mandate, staffing and other resources satisfactory to the World Bank to be the coordination unit for the Project (“Project Coordination Unit” or “PCU”). To this end, the Project Coordination Unit shall: (a) be comprised of qualified and competent staff in adequate numbers, including an accountant and a procurement specialist to be recruited no later than 3 months after the Effective Date of this Agreement and whose qualifications, experience, and terms of reference shall be acceptable to the World Bank; and (b) responsible for day to day Project coordination and implementation, including: (i) carrying out Project financial management and procurement activities; and (ii) monitoring and evaluating Project activities and preparing Project progress reports and monitoring and evaluation reports.

2. **Project Implementation Manual (PIM)**

   (a) The Recipient shall ensure that the Project is implemented in accordance with the provisions of the implementation manual satisfactory to the World Bank (“Project Implementation Manual”), which shall include the following provisions: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication of Project activities; (e) selection criteria for Beneficiaries; and (f) such other administrative, financial, technical, and organizational arrangements and procedures as shall be required for the Project.

   (b) The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the World Bank; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2.05. **Documents; Records.**

   In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

   (a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and
payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

2.06. *Project Monitoring, Reporting and Evaluation.*

(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 performance indicators agreed upon between the Recipient and the World Bank. 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 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 (6) months after the Closing Date.


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

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have all Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year. The audited Financial Statements for each period shall be furnished to the World Bank, not later than six (6) months after the end of such period.

(d) The Recipient shall no later than six (6) recruit a qualified accountant on the terms of preference acceptable to the World Bank and in accordance with Section 2.08 of this Agreement.

(e) The Recipient shall, not later than six (6) after the Effective Date, acquire, install and thereafter maintain an accounting software acceptable to the World Bank, for the Project.
2.08. **Procurement**

(a) **General.** All consultants’ 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:

(i) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(ii) the provisions of this Section, 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 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of 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 Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Selection of Individual Consultants; (B) Single-source procedures for the Selection of Individual Consultants; and (C) Selection based on the Consultant’s Qualifications (SQC).

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

(f) **Document Retention.** Notwithstanding the provisions of paragraphs 2(k) and 5 of Appendix 1 to the Consultant Guidelines, the Recipient: (i) shall retain all documentation with respect to each contract as described in said paragraphs for at least seven years and six months after the Closing Date set forth in Section 3.03 of this Agreement; (ii) shall furnish such documentation to the World Bank at any time upon request; and (iii) hereby authorizes the World Bank to disclose such documentation to the Donor.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) 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 following table. The 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) Consultants’ services, and Training under the Project</td>
<td>3,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,000,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2018

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**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister responsible for Finance.

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

Ministry of Planning, Development and Cooperation  
B.P. 286  
N’Djamena, Republic of Chad  

Telex: 5329 KD  
Facsimile: (235) 51 51 85 or (235) 52 00 87
4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
APPENDIX

Definitions and Modifications to the Standard Conditions

Section I. Definitions

1. “Beneficiaries” means selected staff of the Recipient’s ministries responsible for petroleum mining and energy, finance and budget and agriculture and environment, to whom technical training will be provided and who will be selected based on business needs and a competency audit.

2. “Project Coordination Unit” and “PCU”, each means the unit that exists within the Ministry of Planning and International Cooperation in accordance with Section 2.03 (1) of this Agreement.

3. “Project Implementation Manual” and “PIM” each means the manual for the Project to be updated no later than three (3) months after the Effective Date in accordance with Section 2.03 (2) of this Agreement.

4. “Training” means the training of persons involved in Project-supported activities, such term, including, seminars, workshops, and study tours, and costs associated travel and subsistence for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.