Financing Agreement

(Natural Resources Management in a Changing Climate Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 23, 2013
FINANCING AGREEMENT

AGREEMENT dated December 23, 2013, entered into between REPUBLIC OF MALI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to seven million nine hundred thousand Special Drawing Rights (SDR 7,900,000) (variously, "Grant" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are April 15 and October 15 in each year.

2.05. The Payment Currency is Euro.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consists of the following, namely that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) A Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity in accordance with the provisions of Section I.B of Schedule 2 to this Agreement.

(b) The Co-financing Agreements have been executed and delivered and all conditions precedent to their effectiveness or to the right of the Recipient to make withdrawals thereunder (other than the effectiveness of this Agreement) have been fulfilled.

(c) The Recipient has established the Project Steering Committee in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

(d) The Project Implementing Entity has recruited a financial management consultant to the Core Unit in accordance with the provisions of Section I.A.1(b)(ii) of the Schedule to the Project Agreement.
(e) The Project Implementing Entity has recruited a procurement consultant to the Core Unit in accordance with the provisions of Section I.A.1(b)(ii) of the Schedule to the Project Agreement.

5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister at the time responsible for finance.

6.02. The Recipient’s Address is:

Ministry of Economy and Finance
BP 234
Quartier du Fleuve
Bamako, Mali

Facsimile:
223-20-221914/20-231654

6.03. The Association’s Address is:

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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
AGREED at Bamako, Mali, as of the day, month and year first above written.

REPUBLIC OF MALI

By

________________________
Authorized Representative

Name: Bounané Faly Sissoko
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

________________________
Authorized Representative

Name: Ousmane Diaogue
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to expand the adoption of sustainable land and water management practices in the Target Area within the Recipient’s territory.

The Project consists of the following parts:

Part A. Knowledge Management, Governance and Communication

1. Information System and Knowledge Management

Implementation of a program of activities to enhance the Recipient’s information and decision-making system’s capacity for adaptation to climate change through, notably:

(a) Strengthening the Recipient’s existing sustainable land and water management information system through, inter alia: (i) carrying out of an assessment of existing national initiatives on, and mechanisms for, information gathering and sharing in the Recipient’s environmental sector; (ii) provision of data management training to managers and partners within the SNGIE; (iii) provision of environmental data and metadata management hardware and software to relevant partners within the SNGIE; (iv) provision of institutional support to the SNGIE for collection and analysis of environmental data and metadata; and (v) carrying out of studies for the purpose of identifying sustainable financing mechanism for the SNGIE;

(b) Consolidation of climate risk management best practices and the dissemination of said best practices in Target Area;

(c) Carrying out of sensitization activities on the use of seasonal hydrological and meteorological forecasts by food crop producers, including, inter alia: (i) timely dissemination of hydrological and meteorological data and preparedness information through local radio stations; (ii) provision of pluviometers to select vulnerable food crop producers in Target Area and training in the use thereof; and (iii) provision of training to local focal points, rural extension services providers and local journalists on the treatment and dissemination of meteorological forecasts;

(d) Strengthening the capacity of local food crop producers in the use of simple climate change adaptation technologies and practices, including the piloting of said technologies and practices on select farms; and
2. Local Governance of Natural Resources

Implementation of a program of activities to strengthen good governance of natural resources in the Target Area through, notably:

(a) Provision of support towards the participatory preparation and adoption of community resource use plans;

(b) Establishment, and where already existing and weak, strengthening of natural resource management institutions in Target Area;

(c) Design and establishment of resource-use conflict resolution mechanisms in Target Area with the cooperation of related traditional institutions and other local resource stakeholders including municipal authorities, private sector organizations, vulnerable natural resources-dependent groups;

(d) Review and revision of the development plans of communes in the Target Area for the purpose of integration of sustainable land and water management practices, biodiversity conservation, and adaptation to climate change practices into the said documents; and

(e) Strengthening of sector transparency and accountability through the translation into local languages and dissemination of the Recipient's relevant regulation governing land use, biodiversity conservation and natural resources management.

3. Communication for Resilience Enhancement

Implementation of a program of activities to raise awareness and educate communities on sustainable land and water management and climate change challenges and response through, notably:

(a) Carrying out of sensitization campaigns in communities on the risks and challenges of climate changes, including the specific impact on natural resources and livelihoods in rural areas; and

(b) Carrying out of awareness raising and education activities on the creation of discussion platforms among local stakeholders for appropriate
sustainable land and water management practices and biodiversity conservation solutions in the Target Area.

Part B. Strengthening Sustainable Land Management Practices

1. Conservation and Valorization of Biodiversity

Implementation of a program of activities to contribute to the knowledge and management of the biodiversity wealth of the Target Area through, notably:

(a) Provision of support to community-based afforestation and reforestation initiatives in Target Area;

(b) Carrying out of studies on biodiversity in Target Area;

(c) Carrying out of activities to promote indigenous sustainable modes of production and consumption; and

(d) Carrying out of comprehensive studies on the ecotourism potential of the Target Area.

2. Forests and Rangelands Management

Implementation of a program of activities to develop sustainable forest management tools and skills for select forests and rangelands in the Target Area through, notably:

(a) Provision of support to National Directorate of Water and Forests towards the adoption of participatory management plans for select forest ecosystems in the Target Area and the dissemination of said adopted plans;

(b) Carrying out of activities to promote the use of improved agroforestry and other related sustainable land and water management technologies in lands adjacent to select forests referred to in Part B.2 of the Project;

(c) Provision of support to management of select rangelands in the Target Area;

(d) Strengthening capacity of local natural resource management committees in the integrated management of bushfires; and

(e) Carrying out of activities to promote household energy efficiency technologies and practices.
Part C. Diversification of Local Livelihoods

Piloting of a program of environmentally-sustainable income-generating Sub-projects in accordance with the IGA Implementation Manual, including, inter alia, outreach in the Target Area, and Training and capacity building for Beneficiaries under this Part C.

Part D. Monitoring and Evaluation: Project Management

1. Carrying out of specialized monitoring and evaluation activities for the Project, including, inter alia, establishment of a specialized monitoring and impact evaluation system and updating of a management effectiveness tracking tool for assessing the changes in management effectiveness within the Target Area.

2. Project coordination, management and monitoring, preparation of financial audits and periodic evaluations, and provision of goods, Training, Operating Costs and consultants’ services required therefor.
SCHEDULE 2

Project Execution

Section I.  Implementation Arrangements

A.  Project Steering Committee

(1) The Recipient shall establish and maintain, at all times during Project implementation, a steering committee with a mandate, composition and resources satisfactory to the Association ("Project Steering Committee").

(2) Without limitation upon the provisions of paragraph (a) of Section I.A.1 of this Schedule 2, the Project Steering Committee shall be chaired by a representative of the MEA, and be comprised of, inter alia, representatives of the Recipient's ministries responsible for environment, agriculture, livestock, decentralization and economy.

(3) The Project Steering Committee shall meet at least once annually, and shall be responsible for, inter alia: (i) reviewing the proposed Annual Work Plans and related budgets for the Project, reviewing the draft annual implementation and audit reports, as well as the procurement plan prepared by the Core Unit; (ii) overseeing overall implementation and performance of the Project and providing policy guidance; and (iii) identifying necessary Project adjustments based on monitoring and evaluation results.

B.  Subsidiary Agreement

1. In order to achieve the objectives of the Project, the Recipient shall make the proceeds of the Financing and Co-financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions acceptable to the Association ("Subsidiary Agreement"), which shall include, without limitation, the following:

(a) the proceeds of the Financing and Co-financing shall be made available to the Project Implementing Entity on grant terms;

(b) The Recipient shall cause the Project Implementing Entity to maintain within its structure, throughout the implementation of the Project, the Core Unit, with composition, terms of reference and resources satisfactory to the Recipient and the Association which shall be responsible for day-to-day Project coordination and implementation, including, inter alia: (A) preparing proposed annual work plans of activities for inclusion in the Project, and updating the procurement plan
and related budgets and consolidating Project Reports for the Project Steering Committee’s review; (B) carrying out all Project financial management, procurement activities and contract execution; and (C) monitoring and evaluating the Project.

(c) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the requirement that the Project Implementing Entity:

(i) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient, the Project Implementation Manual, and the Safeguard Instruments;

(ii) maintain policies and procedures, adequate to enable the Project Implementing Entity to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities carried out under the Project and the achievement of its objectives;

(iii) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the activities carried out by the Project Implementing Entity under the Project; and (B) at the Association’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and furnish promptly to the Recipient and the Association the financial statements as so audited;

(iv) enable the Recipient and the Association to inspect the activities carried out by the Project Implementing Entity under the Project, their operation and any relevant records and documents; and prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing; and
refund any or all part of the amount of the Financing then withdrawn, upon the Recipient’s determination that the Project Implementing Entity has failed to perform any of its obligations under the Subsidiary Agreement or the Project Agreement.

(d) The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

2. Except as the Association shall otherwise agree, the Recipient and the Project Implementing Entity shall not assign, amend, abrogate, waive the Subsidiary Agreement or any of its provisions.

3. In the event of any conflict between the Subsidiary Agreement and the Financing Agreement, the Financing Agreement shall prevail.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Annual Work Plans and Budgets

1. The Recipient shall, not later than October 31 in each calendar year (or, for the first year of Project implementation, one month after the Effective Date, whichever is later), prepare and furnish to the Association, a draft annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of Project implementation, and afford the Association a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the Association ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

2. For any training proposed to be included in an Annual Work Plan and Budget, the Recipient shall, inter alia, identify: (a) particulars of the training envisaged; (b) the criteria for selection of the personnel to be trained, and such personnel if known; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.
3. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior written approval.

E. Manual

1. The Recipient shall, and cause the Project Implementing Entity to, carry out the Project in accordance with the Project Implementation Manual and shall not, and cause the Project Implementing Entity not to, amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, without the prior written consent of the Association.

2. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

F. Safeguards

1. The Recipient shall implement, or cause the Project Implementing Entity to implement, the Project in accordance with the relevant Safeguards Instruments and, to that end:

   (a) if any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguard Instrument shall:

      (i) (A) prepare, or cause to be prepared, such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable ESMF or RPF; (B) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (C) thereafter cause such Supplemental Social and Environmental Safeguard Instrument to be adopted prior to implementation of the activity; and

      (ii) thereafter take such measures, or cause such measures to be taken, as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument; and

   (b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under the RAP, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, for each Supplemental Social and Environmental Safeguard
Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, on the status of compliance with each Supplemental Social and Environmental Safeguard Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of such Supplemental Social and Environmental Safeguard Instrument;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Supplemental Social and Environmental Safeguard Instrument; and

(c) remedial measures taken or required to be taken to address such conditions.

3. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

G. Sub-projects

1. Sub-project Grant Eligibility and Sub-project Implementation Guidelines and Procedures

No proposed Sub-project shall be eligible for inclusion under the Project or for financing out of the proceeds of the Financing unless the Recipient has determined, in accordance with an appraisal carried out in accordance with guidelines acceptable to the Association and elaborated in the IGA Implementation Manual, that the proposed Sub-project and Beneficiary satisfy the eligibility criteria specified below and in further detail in the IGA Implementation Manual:

(a) the proposed Beneficiary: (i) is a resident of a commune in the Target Area; (ii) has the experience necessary to implement the proposed Sub-project; (iii) has a bank account or credit and savings account; and (iv) does not have a project already financed by a Sub-project Grant;

(b) the proposed Sub-project: (i) is technically feasible and economically viable; (ii) complies with the Safeguards Instruments; and (iii) is an initiative which fall under the following categories: (A) handicraft industry; (B) harvesting and trading of non-timber forest products by women cooperatives; (C) transformation of agricultural and fishing products for commercial added-value; (D) commercial fattening of small ruminants; (E) beekeeping; (F) private plantation for firewood
production; (G) non-conventional livestock; (H) agroforestry and fruit crops production; (I) development of traditional medicine arboretum; and (J) production and trading of vegetables; and

(c) the estimated cost of the proposed Sub-project does not exceed the equivalent of 10 million FCFA (for groups) and 3 million FCFA (for individuals).

2. **Terms and Conditions of Sub-project Grant Agreements**

(a) The Recipient shall make, or cause the Project Implementing Entity to make, each Sub-project Grant under a Sub-project Grant Agreement with the respective Beneficiary, under terms and conditions satisfactory to the Association, and described in further detail in the IGA Implementation Manual, which shall include the following:

(i) The Sub-Project Grant shall be made on a grant basis.

(ii) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

(A) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-project Grant, or obtain a refund of all or any part of the amount of the Sub-project Grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Sub-project Grant Agreement; and

(B) require each Beneficiary to:

(1) carry out the Sub-project with due diligence and efficiency and in accordance with sound technical, environmental, social, financial, and administrative practices, including, without limitation, the Anti-Corruption Guidelines and the Safeguard Instruments; (2) provide, promptly as needed, the resources required for the Sub-project; (3) procure the goods, works and services required for the Sub-project and to be financed out of the proceeds of the Sub-project Grant in accordance with the provisions of Section III of this Schedule and ensure that the same shall be used exclusively in the carrying out of the Sub-project; (4) ensure that the facilities relevant to the Sub-project shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed; (5) maintain policies and procedures
adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (6) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; (7) at the Recipient’s or the Association’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (8) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; (9) permit the Recipient and the Association to make the Sub-project Grant Agreement and all audits carried out pursuant to sub-paragraph (7) of this paragraph available to the public in accordance with the Association’s policies on access to information; and (10) prepare and furnish to the Recipient and the Association all such further information as the Recipient or the Association shall reasonably request relating to the foregoing.

(b) The Recipient shall perform its obligations and exercise its rights under each Sub-project Grant Agreement in such a manner as to protect the Recipient’s interests and the interests of the Association and to achieve the Project objective, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any provision of the Sub-project Grant Agreement without the Association’s prior agreement.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each 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 Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, Goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding:
2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
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<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the additional procedures set forth in paragraph 3 below</td>
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<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
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<tr>
<td>(d) Community Participation procedures which have been found acceptable to the Association and are outlined in the Project Implementation Manual.</td>
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</tbody>
</table>

3. Requirements for the National Competitive Bidding. The procedures to be followed for National Competitive Bidding shall be those set forth in the Recipient’s Procurement Code, as revised from time to time in a manner deemed acceptable to the Association, subject, however, to the modifications described in the following paragraphs required for compliance with the Procurement Guidelines:

(i) Notwithstanding the non-application of the Recipient’s Procurement Code to small contracts, a competitive method shall be applied to small contracts;

(ii) In addition to advertisement made through a general procurement notice in the online version of the United Nations Development Business and on the Association’s external website, the invitation to bid shall be advertised in, at least, one national newspapers with wide circulation;

(iii) Eligible bidders, including foreign bidders, shall be allowed to participate;

(iv) No domestic preference shall be given to domestic bidders or bidders from WAEMU countries and to domestically manufactured goods;

(v) The bidders shall be given adequate response time (at least four weeks) from the date of availability of the bidding documents to prepare and submit their bids;

(vi) The evaluation and award process of alternative bids shall be revised to be consistent with the Procurement Guidelines;
(vii) Standard bidding documents acceptable to the Association shall be used for any procurement process under National Competitive Bidding;

(viii) Each bidding document and contract financed from the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines;

(ix) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (a) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect all accounts, records and other documents relating to the submission of bids and contract performance, and to have said accounts and records audited by auditors appointed by the Association; and (b) the deliberate and material violation of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines; and

(x) The Association may recognize, at the request of the Recipient, the exclusion of otherwise eligible bidders, suppliers, contractors and subcontractors as a result of debarment under the Recipient's procurement regulations, provided that such debarment is for offenses involving fraud, corruption or such similar misconduct and further provided that the Association shall have confirmed that the debarment procedure afforded due process and the debarment decision is final.

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.

3. 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 contracts which are specified in the Procurement Plan:
### Procurement Method

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>(a)</td>
<td>Least Cost Selection</td>
</tr>
<tr>
<td>(b)</td>
<td>Selection Based on the Consultants' Qualifications</td>
</tr>
<tr>
<td>(c)</td>
<td>Single-Source Selection</td>
</tr>
<tr>
<td>(d)</td>
<td>Individual Consultants</td>
</tr>
</tbody>
</table>

### D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

### Section IV. Withdrawal of the Proceeds of the Financing

#### A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of: (a) Article II of the General Conditions, (b) this Section, and (c) such additional instructions as the Association shall 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 Association 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 Financing (“Category”), the allocations of the amounts of the Financing 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 SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services and Training for Part A of the Project</td>
<td>1,890,400</td>
<td>59.67%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services and Operating Costs for Part B of the Project</td>
<td>1,330,000</td>
<td>28.33%</td>
</tr>
<tr>
<td>(3) Sub-Grants for Part C of the Project</td>
<td>2,500,000</td>
<td>66.22%</td>
</tr>
<tr>
<td>(4) Goods, non-consulting services, and consultants’ services and Operating Costs for C of the Project</td>
<td>800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating Costs, goods, non-consulting services, consultants’ services and Training for Part D.1 of the Project</td>
<td>490,000</td>
<td>72.78%</td>
</tr>
<tr>
<td>(6)(a) Operating Costs, goods, non-consulting services, consultants’ services and Training for Part D.2 of the Project in the first year of Project implementation</td>
<td>222,400</td>
<td>75.28%</td>
</tr>
<tr>
<td>(6)(b) Operating Costs, goods, non-consulting services, consultants’ services and Training for Part D.2 of the Project in the second year of Project implementation</td>
<td>222,400</td>
<td>75.28%</td>
</tr>
<tr>
<td>(6)(c) Operating Costs, goods, non-consulting services, consultants’ services and Training for Part D.2 of the Project in the third year of Project implementation</td>
<td>222,400</td>
<td>75.28%</td>
</tr>
<tr>
<td>(6)(d) Operating Costs, goods, non-consulting services, consultants’ services and Training for Part D.2 of the Project in the fourth year of Project implementation</td>
<td>222,400</td>
<td>75.28%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>7,900,000</strong></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:

   (a) for payments made prior to the date of this Agreement; or

   (b) under Category (1) and Category (6)(a), unless the Recipient has deposited the required contribution in the Counterpart Funds Account in accordance with Section V.B of Schedule 2 to this Agreement; or

   (c) under Category (6)(b) through (d), unless the Recipient has deposited the required contribution in the Counterpart Funds Account for the relevant year of Project implementation in accordance with Section V.C of Schedule 2 to this Agreement.

2. The Closing Date is September 30, 2019.

Section V. Other Undertakings

The Recipient shall:

A. open and thereafter at all times throughout the implementation of the Project, maintain in a financial institution and on terms and conditions acceptable to the Association, an account into which it shall deposit all counterpart funds required for Parts A.1 and D.2 of the Project ("Counterpart Funds Account");

B. without limitation upon the provisions of Section 4.03 of the General Conditions, deposit into the Counterpart Funds Account, an amount equivalent to one hundred thousand Dollars ($100,000) in the Recipient’s currency in the first year of Project implementation;

C. without limitation upon the preceding paragraph B of this Section V, deposit into the Counterpart Funds Account, an amount equivalent to three hundred thousand Dollars ($300,000) in the Recipient’s currency, annually, for the second, third and fourth year of Project implementation respectively; and

D. ensure that all amounts deposited in the Counterpart Funds Account shall be used exclusively to pay for Eligible Expenditures required for Parts A.1 and D.2 of the Project.
APPENDIX

Section I. Definitions

1. "AEDD" means l'Agence de l'Environnement et du Developpement Durable, established and operating pursuant to the Project Implementing Entity's Legislation, as said legislation may be amended from time to time.

2. "Affected Person" means a person who suffers adverse impacts on his or her livelihood as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas; and "Affected Person" means any of the Affected Persons.

3. "Annual Work Plan and Budget" means the annual work plan and budget as prepared by the Recipient and approved by the Association in accordance with the provisions of Section I.D of Schedule 2 to this Agreement.


5. "Beneficiary" means an eligible person or group, as determined by the criteria set forth in Section I.G.1(a) of Schedule 2 to this Agreement and further detailed in the IGA Implementation Manual, to whom the Recipient proposes to provide a Sub-project Grant under the program referred to in Part C of the Project.

6. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

7. "Co-financier" means any or more of the following: (a) the World Bank acting as an administrator of the Global Environmental Facility, and (b) the World Bank acting as an administrator of the Least Developed Country Fund, referred to in paragraph 10 of the Appendix to the General Conditions.

8. "Co-financing" means an amount of approximately US$6,574,074 in the case of the GEF grant and an amount of approximately US$1,851,851 in the case of the Least Developed Country Fund grant, to be provided by the Co-financiers to assist in financing of the Project.

9. "Co-financing Agreements" means both of the following: GEF Grant Agreement (as defined herein) and Least Developed Country Fund Grant Agreement (as
defined herein), entered into or to be entered into, as the case may be, between
the Recipient and the Co-financiers providing for the Co-financing.

10. "Consultant Guidelines" means the "Guidelines: Selection and Employment of
Consultants under IBRD Loans and IDA Credits and Grants by World Bank
Borrowers" dated January 2011.

11. "Core Unit" means the core unit within the Project Implementing Entity, referred
to in Section I.A.1(b) of the Schedule to the Project Agreement and established
pursuant to the Project Implementing Entity's Note de Service No. 0040/MEA-
AEDD, dated July 29, 2013.

12. "Counterpart Funds Account" means the account to be opened by the Recipient
in accordance with the provisions of Section V.C of Schedule 2 to this
Agreement.

13. "Environmental and Social Management Framework" and "ESMF" mean the
Recipient's framework disclosed in the Recipient's territory on June 11, 2013
and at the Association's Infoshop on June 12, 2013 in form and substance
satisfactory to the Association, setting out modalities to be followed in assessing
the potential adverse environmental and social impact associated with activities
to be implemented under the Project, and the measures to be taken to offset,
reduce, or mitigate such adverse impact.

14. "Environmental and Social Management Plan" and "ESMP" mean a plan,
approved by the Association for the Project, to be prepared by the Recipient,
proposing appropriate mitigation, monitoring and institutional measures designed
to mitigate potential adverse environmental and resettlement impacts, offset
them, reduce them to acceptable levels or enhance positive impacts, as the same
may be amended from time to time with the agreement of the Association.

15. "FCFA" means the lawful currency of the Recipient.

16. "GEF Grant Agreement" means the grant agreement to be entered between the
Recipient and the World Bank acting as an administrator of the Global
Environmental Facility for the financing of a percentage of the Project, as the
same may be amended from time to time, and such terms includes all schedules
to the GEF Grant Agreement.

17. "GEF" or "Global Environmental Facility" means the trust fund established in
1991 by a resolution of the World Bank executive directors as a program to assist
in the protection of the global environment and to promote environmentally
sound and sustainable economic development.


20. "Least Developed Country Fund" means the trust fund established in 2001 under the United Nations Framework Convention on Climate Change (UNFCCC) at its seventh session in Marrakesh to address the needs of least developed countries whose economic and geophysical characteristics make them particularly vulnerable to the impact of global warming and climate change.

21. "Least Developed Country Fund Grant Agreement" means the grant agreement to be entered between the Recipient and the World Bank acting as an administrator of the Least Developed Country Fund for the financing of a part of the Project, as the same may be amended from time to time, and such terms includes all schedules to the Least Developed Country Fund Grant Agreement.

22. "Mali Climate Fund" means the entity established pursuant to memorandum of agreement between the Recipient and the United Nations Development Program for the management and other support services related to the Mali Climate Fund, dated January 26, 2012.

23. "MEA" means the Recipient's ministry in charge of water and sanitation.


25. "Operating Costs" means incremental recurrent expenditures under the Project, based on the Annual Work Plans and incurred by the Project Implementing Entity on account of Project implementation, monitoring and evaluation, including utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, excluding salaries, fees, honoraria, and bonuses of members of the Recipient's civil service, but including specified performance bonus payments agreed upon between the Recipient and the Association to be made out of the Counterpart Funds Account.

26. "PES" means payment for environmental services, a market-based approach to conservation based on the twin principles that those who benefit from environmental services should pay for them and those who generate these services should be compensated for providing them.
27. "Pest Management Plan" or "PMP" means a plan of the Recipient disclosed in the Recipient’s territory on June 11, 2013 and at the Association’s Infoshop on June 12, 2013 in form and substance satisfactory to the Association, to minimize and manage the environmental and health risks associated with pesticide use and promote and support safe, effective and environmental sound pest management, as the same may be amended from time to time with the agreement of the Association.


30. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 16, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

31. “Project Agreement” means the agreement between the Association and the Project Implementing Entity, of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

32. “Project Implementation Manual” means the implementation manual adopted by the Recipient on May 29, 2013 as confirmed in the Recipient’s letter to the Association dated October 10, 2013, containing detailed arrangements and procedures for: (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; (e) selection and financing of Subprojects as detailed in the IGA Implementation Manual; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as the same may be amended from time to time with the prior written consent of the Association.

33. “Project Implementing Entity” means AEDD.


35. “Project Steering Committee” means the project steering committee to be established by the Recipient pursuant to Section I.A of Schedule 2 to this Agreement.
36. "Resettlement Action Plan" and "RAP" mean a plan prepared by the Recipient and approved by the Association for the Project, to outline the mitigation measures for addressing any resettlement risks associated with the Project, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to the initial consultation and disclosure requirements carried out on the RAP.

37. "Resettlement Policy Framework" and "RPF" mean the Resettlement Policy Framework of the Recipient disclosed in the Recipient's territory on June 11, 2013 and at the Association's Infoshop on August 6, 2013 in form and substance satisfactory to the Association, outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population.

38. "Safeguards Instruments" means the ESMF, the RPF, the PMP and any Supplemental Social and Environmental Safeguard Instruments.


40. "Sub-project" means the income generating activities referred to in Part C of the Project to be implemented by a Beneficiary and financed through a Sub-project Grant in accordance with the criteria set forth in Section I.G of Schedule 2 to this Agreement and further detailed in the IGA Implementation Plan.

41. "Sub-project Grant" means a grant made or proposed to be made to a Beneficiary out of the proceeds of the Financing and Co-financing to finance a Sub-project.

42. "Sub-project Grant Agreement" means an agreement between the Project Implementing Entity (acting on behalf of the Recipient) and a Beneficiary pursuant to which the Project Implementing Entity shall make a Sub-project Grant to the Beneficiary for the purpose of financing a Sub-project.

43. "Supplemental Social and Environmental Safeguard Instruments" means any ESMP or RAP required under the terms of the ESMF or RPF.

44. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing and Co-financing available to the Project Implementing Entity.
45. **“Target Area”** means the 14 communes located in either the Kayes or Koulikoro region of the Recipient’s territory as further detailed in the Project Implementation Manual and in the Recipient’s report titled *Identification de la Zone d’Intervention du Projet Gestion des Ressources Naturelles dans le Contexte des Changements Climatiques*, dated March 2013.

46. **“Training”** means the training of persons under the Project, including through seminars, workshops, knowledge sharing activities and study tours, and covers the following costs associated with such activity: travel and subsistence costs 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.