Project Agreement

(Natural Resources Management in a Changing Climate Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION
for itself, acting as an Implementing Agency of the Global Environment Facility
and acting as administrator of grant funds provided by various donors under
the Least Developed Country Fund

and

AGENCE DE L’ENVIRONNEMENT ET DU DEVELOPPEMENT DURABLE

Dated December 23, 2013
PROJECT AGREEMENT

Agreement dated December 23, 2013, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION, for itself, acting as an Implementing Agency of the Global Environment Facility and acting as administrator of grant funds provided by various donors under the Least Developed Country Fund ("Association") and AGENCE DE L'ENVIRONNEMENT ET DU DEVELOPPEMENT DURABLE ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the Republic of Mali ("Recipient") and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement, the GEF Grant Agreement, the Least Developed Country Fund Grant Agreement, the General Conditions or the Standard Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05(c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is Director General.

4.02. The Association's Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INDEVAS
Telex: 248423(MCI)
Facsimile: 1-202-477-6391
Washington, D.C.

4.03. The Project Implementing Entity's Address is:

B.P. 2357
Rue 311
Porte 328
Quartier du Fleuve
Bamako
Mali

Telephone: (223)20231074
Facsimile: (223)20235867
Email: aedd@environnement.gov.ml
AGREED at Bamako, Mali, as of the day, month and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION for itself, acting as an Implementing Agency of the Global Environment Facility and acting as administrator of grant funds provided by various donors under the Least Developed Country Fund

By

[Signature]

Authorized Representative

Name: Ousmane Diagana
Title: Country Director

AGENCE DE L'ENVIRONNEMENT ET DU DEVELOPPEMENT DURABLE

By

[Signature]

Authorized Representative

Name: Mamadou Gallo
Title: Directeur Général
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Project Implementing Entity

(a) The Project Implementing Entity shall, throughout the implementation of the Project: (i) be responsible for the overall implementation of the Project, and (ii) maintain functions, staffing and resources satisfactory to the Association, for the proper implementation of the Project.

(b) Without prejudice to the foregoing paragraph, the Project Implementing Entity shall maintain, within its structure, a core unit which shall at all times be comprised of qualified and experienced personnel in adequate numbers (i) which shall include, inter alia, a project coordinator, procurement specialist, a financial management specialist, a sustainable land and water management, natural resource management and biodiversity specialist, an agroeconomist, an environmental and social safeguards specialist, a monitoring and evaluations specialist and a communications specialist; and (ii) further to this end, the Project Implementing Entity shall recruit, in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement, a financial management consultant and a procurement consultant, all with qualification, experience and terms of reference satisfactory to the Association ("Core Unit").

(c) The Core Unit shall be responsible for the day-to-day Project coordination and implementation, including, inter alia: (i) 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; (ii) carrying out all Project financial management, procurement activities and contract execution; (iii) monitoring and evaluating the Project; and (iv) ensuring compliance with the Safeguard Instruments.

B. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
C. 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 Project Implementing Entity 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;

(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 Project Implementing Entity shall 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; and

(ii) The Project Implementing Entity 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 Project Implementing Entity'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 Project Implementing Entity and the Association; (8) enable the Project Implementing Entity and the Association to inspect the Sub-project, its operation and any relevant records and documents; (9) permit the Project Implementing Entity 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 Project Implementing Entity and the Association all such further information as the Project Implementing Entity or the Association shall reasonably request relating to the foregoing.

(b) The Project Implementing Entity shall perform its obligations and exercise its rights under each Sub-project Grant Agreement in such a manner as to protect the Project Implementing Entity's interests and the interests of the Association and to achieve the Project objective, and, except as the Association shall otherwise agree, the Project Implementing Entity 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.
D. **Safeguards**

1. The Project Implementing Entity shall 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) prepare: (A) 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 adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the activity; and

      (ii) thereafter take such measures 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 Project Implementing Entity 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 the Financing Agreement shall prevail.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity 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 indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than one month after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than three (3) months, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall 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 and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity 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 Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

4. In furtherance of the provisions of this Section II.B, not later than two (2) months after the Effective Date, the Project Implementing Entity shall install, within AEDD, a computerized financial management and accounting system in a manner satisfactory to the Association.

5. In order to ensure the timely carrying out of the audits referred to in Section II. B.2 of this Schedule, not later than three (3) months after the Effective Date, the Project Implementing Entity shall recruit an internal auditor in accordance with the provisions of
Section III of this Schedule, with qualifications, experience and terms of reference acceptable to the Association.

6. In order to ensure the timely carrying out of the audits referred to in Section II. B.3 of this Schedule, not later than four (4) months after the Effective Date, the Project Implementing Entity shall recruit external auditors in accordance with the provisions of Section III of this Schedule, with qualifications, experience and terms of reference acceptable to the Association.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

Section IV. Other Undertakings

A. Not later than three (3) months from the Effective Date, the Project Implementing Entity shall establish, within the Core Unit, a project record keeping system and related resources satisfactory to the Association and successfully train relevant staff in the use thereof.

B. Not later than three (3) months from the Effective Date, the Project Implementing Entity shall provide training to qualified staff members of the Core Unit on the Association’s procurement policies and procedures, under arrangements acceptable to the Association.

C. Not later than three (3) months from the Effective Date, the Project Implementing Entity shall assign to the Core Unit, a recent university graduate to be trained in the Recipient’s and the Association’s procurement policies and procedures, under arrangements acceptable to the Association.