

CONFORMED COPY

CREDIT NUMBER 1992 SE

(Second Small Rural Operations Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 3, 1989

CREDIT NUMBER 1992 SE

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 3, 1989, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Borrower intends to contract from International Fund for Agricultural Development (IFAD) a loan (the IFAD Loan) in an amount equivalent to about five million dollars (\$5,000,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the IFAD Loan Agreement) to be entered into between the Borrower and IFAD; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower 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. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to exchanges of letters dated December 16, 1986, May 28, 1987, November 26, 1987, December 30, 1987, July 11, 1988 and August 11, 1988 between the Borrower and the Association.

(b) "Project Unit" means the unit within the Borrower's Ministry of Social Development to be maintained pursuant to Section 3.01 (c) of this Agreement;

(c) "Interministerial Committee" means the interministerial committee established pursuant to Section 3.01 (b) of this Agreement;

(d) "Sub-project" means any sub-project financed out of the proceeds of the Credit or proposed to be so financed under Part A of the Project;

(e) "SAED" means the Societe d'Amenagement et d'Exploitation des Terres du Delta du Fleuve Senegal et de la Vallee de Falame, an etablissement public, established and operating pursuant to the Borrower's Law No. 65-001, dated January 20, 1965 and the Borrower's Decree No. 65-026, dated January 20, 1965, and includes any successor thereto;

(f) "SOMIVAC" means Societe de la Mise en Valeur Agricole de la Casamance, an etablissement public a caractere industriel et commercial, established and operating pursuant to the Borrower's Law No. 76-69, dated July 2, 1976 and the Borrower's Decree No. 76-836, dated July 24, 1976, and includes any successor thereto;

(g) "CERP" means Centre d'Expansion Rural Polyvalent of the Borrower's Ministry of Interior;

(h) "SODAGRI" means Societe de Developpement Agricole de la Vallee de l'Anambe, a societe d'economie mixte, established under the laws of Senegal and registered in the register of the tribunal civil de Dakar on February 27, 1974 and includes any successor thereto;

(i) "Group of Producers" means a group of rural producers with membership and responsibilities appropriate to operate the facilities under a Sub-project and empowered, through its authorized representatives, to carry out the obligations specified in Section 3.03 of this Agreement, all in accordance with the Borrower's relevant procedures and applicable laws;

(j) "Special Account" means the account to be opened and operated pursuant to Section 2.02 (b) of this Agreement;

(k) "Project Account" means the account to be maintained and operated pursuant to Section 3.01 (d) of this Agreement;

(l) "Capital Replacement Account" means the account opened or to be opened by a Group of Producers for the purposes referred to in Section 3.03 of this Agreement; and

(m) "CFAF" and "CFA Franc" mean the currency of the Borrower.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twelve million Special Drawing Rights (SDR 12,000,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special account in a commercial bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1998 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from a date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied as of the next payment date in that year specified in Section 2.06 of this Agreement, except that the rate set as of June 30, 1988 shall be applied as of July 1, 1988.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on February 15 and August 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 15 and August 15, commencing February 15, 1999 and ending August 15, 2028. Each installment to and including the installment payable on August 15, 2008 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the Republic of France is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower 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 the Project Unit (with the assistance, as required, of the relevant entities, agencies and departments referred to in Section 3.02 of this Agreement) with due diligence and efficiency and in conformity with appropriate administrative, agricultural, engineering and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) For the overall coordination and supervision of the Project, the Borrower shall maintain an Interministerial Committee, chaired by the Minister of Social Development, which shall hold meetings at least twice a year, and shall inter alia:

- (i) review and approve annual management reports, annual work programs and annual budgets;
- (ii) approve any proposed Sub-project under Part A.9 of the Project provided, however, that Sub-projects whose estimated cost are less than CFAF 10,000,000 may be approved directly by the chairperson of the Interministerial Committee;
- (iii) examine the status of each Capital Replacement

Account, including Capital Replacement Accounts established in accordance with the provisions of the Development Credit Agreement (Cr. No. 991 SE) between the Borrower and the Association, dated April 2, 1980 (Small Rural Operations Project) and, in case of delinquency, issue necessary instructions so that all appropriate measures are taken to ensure that all arrears are made up promptly thereafter; and

- (iv) periodic review of procedures for financing and implementing small rural operations in order to harmonize approaches.

(c) The Borrower shall maintain: (i) at the head of the Project Unit a project manager whose qualifications and experience shall be satisfactory to the Association; and (ii) Project management team working exclusively for the Project, consisting of at least two rural engineers, a livestock economist, three agricultural economists and a chief accountant, to assist the Project Manager, all qualified and experienced. Said project manager and Project management team shall have functions and responsibilities acceptable to the Association, including those set forth in Schedule 4 to this Agreement.

(d) Pursuant to the provisions of paragraph (a) of this Section, but without any limitation thereon, the Borrower shall:

- (i) for the purposes of the Project, maintain in its Treasury the Project Account for the purpose of making available the Borrower's counterpart funding for the Project; and
- (ii) out of its own resources, make annual deposits of funds sufficient to meet Project expenditures for the immediately following year. The amounts of such funds to be estimated on the basis of Project cash requirement forecasts.

Section 3.02. For carrying out Part A of the Project, the Borrower shall, through the Project Unit, enter into an agreement or arrangements on terms and conditions satisfactory to the Borrower and the Association with each of the following relevant entities, agencies or departments pursuant to which such entity, agency or department shall assume certain technical responsibilities and, as the case may be, certain managerial responsibilities under a Sub-project (providing, inter alia, for remuneration of direct costs for assuming said responsibilities exclusive of any contribution to overhead expenses), namely with SAED for Parts A.1 through A.4 of the Project, the CERP for Part A.5 of the Project, SODAGRI for Part A.6, the Livestock Department of the Borrower's Ministry responsible for livestock for Part A.7 of the Project, SOMIVAC for Part A.8 of the Project, and any relevant entity, agency or department for a Sub-project under Part A.9 of the Project.

Section 3.03. Pursuant to the agreement or arrangements referred to in Section 3.02 of this Agreement, each entity, agency or department involved in the carrying out of a Sub-project shall obtain by written contract with the Group of Producers rights adequate to protect the interests of the Borrower, the Association and the entity, agency or department, including the right of said entity, agency or department to:

- (a) require the Group of Producers:
 - (i) to provide all unskilled labor required for construction of the facilities to be financed under the Sub-project concerned;
 - (ii) to deposit into a Capital Replacement Account opened at the nearest branch of a development or

commercial bank, prior to initial installation of medium-term assets, said cash amount representing at least ten percent (10%) of the delivered cost including installation charges of the assets;

- (iii) to collect and pay into the Capital Replacement Account cash annuities calculated at replacement cost; the amount of such annuities and the payment dates to be specified in such contract;
- (iv) to acquire and allocate land within each perimeter to the respective members of the Group of Producers;
- (v) to set up appropriate operating procedures for access to common facilities, inputs and services; and
- (vi) to collect the cash and/or provide the labor for operation and maintenance of shared facilities;

(b) inspect and monitor, by itself or jointly with representatives of the Borrower and the Association, the goods, sites works, construction, facilities operated by the Group of Producers, the operation thereof, and any relevant records and documents.

Section 3.04. The Borrower shall select proposed Sub-projects under Part A.9 of the Project in accordance with the following criteria:

- (a) the Sub-project shall be directly productive;
- (b) the Sub-project shall be financially and economically profitable, with a net income per labor-day of at least CFAF 650 upon reaching full development, and with an internal economic rate of return of at least ten percent (10%); and
- (c) the Sub-project shall have been requested by, and be manifestly in the interest of, a Group or Groups of Producers having shown willingness to accept the provisions of the contract referred to in Section 3.03 of this Agreement.

Section 3.05. In carrying out Part A.9 of the Project, the Borrower shall take all measures necessary to ensure that at least 30% of the funds allocated to Category (6) of the table set forth in paragraph 1 of Schedule 1 to this Agreement shall be disbursed for Sub-projects benefitting Groups of Producers whose members are solely women.

Section 3.06. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.07. Not later than June 30, 1992, or such other date as may be agreed between the Borrower and the Association, the Borrower and the Association shall jointly review the efficiency of the execution of the Project.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain in the Project Unit consolidated Project accounts including records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project.

- (b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account verified quarterly and for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Effective Date; Termination

Section 5.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely that the Borrower has issued an arrete establishing the Interministerial Committee.

Section 5.02. 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.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of the Borrower at the time responsible for finance is designated as representative of the Borrower 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 Borrower:

Ministere de l'Economie et des Finances
Rue Charles Laine
B.P. 4017
Dakar
Senegal

Cable address:

MINIFINANCES
Dakar
Senegal

Telex:

3203 SG

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

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.

REPUBLIC OF SENEGAL

By /s/ Ibra Deguene KA
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox
Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works, vehicles, equip-	520,000	95%

	ment and surveys under Part A.1 of the Project		
(2)	Civil works, vehicles, equip- ment, inputs and supplies under Part A.3 of the Project	375,000	95%
(3)	Civil works, vehicles, equip- ment, inputs and supplies under Part A.4 of the Project	595,000	95%
(4)	Civil works, vehicles, equip- ment, inputs, supplies and surveys under Part A.6 of the Project	595,000	95%
		Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(5)	Studies, civil works, vehicles, equipment, inputs and supplies under Part A.7 of the Project	150,000	95%
(6)	Studies, civil works, vehicles, equipment, inputs and supplies under Part A.8 of the Project	560,000	95%
(7)	Civil works, vehicles, equip- ment and supplies under Part A.9 of the Project	3,310,000	95%
(8)	Studies, civil works, vehicles, equipment and operating cost under Part B of the Project	3,940,000	95%
(9)	Refunding of Project Prepara- tion Advance	1,115,000	Amount due pur- suant to Section 2.02 (c) of this Agreement
(10)	Unallocated	840,000	
	TOTAL	<hr/> 12,000,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

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

(b) for expenditures in respect of Category (1) before the Groups of Producers benefitting from the carrying out of Part A.1 of the Project have: (i) deposited at least 60% of the eligible amount under the Development Credit Agreement (Cr. No. 991 SE) dated April 2, 1980 as of December 31, 1988 into the respective Capital Replacement Accounts; and (ii) deposited 5% of the contract value of rehabilitation works into the respective maintenance account;

(c) for expenditures in respect of Category (7) for a Sub-project under Part A.9 of the Project, unless:

- (i) the Sub-project has been approved pursuant to Sections 3.01 (b) (ii) and 3.04 of this Agreement; and
- (ii) the Sub-project has been approved by the Association, except for any of the Sub-projects which: (A) constitutes an additional Sub-project similar to any one of the Sub-projects included in Parts A.1 through A.8 of the Project; and (B) has an estimated cost per Group of Producers of CFAF 30,000,000 or less or an estimated cost per producer of CFAF 750,000 or less, provided, however, that the aggregate amount of Sub-projects to be financed out of the proceeds of the Credit without approval by the Association does not represent more than \$1.5 million equivalent.

SCHEDULE 2

Description of the Project

The objectives of the Project are to promote the development of productive activities, which are directly in the interest of groups of rural people representing about 4,500 families.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: A series of Sub-projects as follows:

1. Rehabilitation of 12 Rice Perimeters of Ngalenka

Rehabilitation and consolidation of 12 irrigated rice and vegetable perimeters in the Ngalenka Valley.

2. Second Ngalenka Rice Perimeters

Construction of, and provision of equipment and technical services for, 10 rice and vegetable perimeters of about 30 ha each in the zone lying between the Ngalenka and Senegal rivers in the Saint Louis region.

3. Small Irrigation Perimeters of Matam

Construction of, and provision of equipment and technical services for, four rice and vegetable perimeters of 20-30 ha each for four women's or youth's groups in the Matam area.

4. Small Irrigation Perimeters of Bakel

Construction of, and provision of equipment and technical services for, six perimeters (cereal and vegetables) of about 30 ha each in the Bakel area of Tambacounda region.

5. Sirmang Fruit and Vegetable Perimeter

Construction of, and provision of equipment and technical services for, a 15 ha vegetable perimeter and a 45 ha fruit tree operation for about 100 families in the Lower Saloum area (Fatick region).

6. Cereal and Fruit Perimeters of Fass

Construction of, and provision of equipment and technical services for, two perimeters of about 60 ha each per perimeter at Fass near Medina - Grounoss (Kolda region).

7. Bee Keeping

Construction of three extraction centers, provision of equipment and technical services for three Groups of Producers in three villages in the region of Kolda.

8. Banana Perimeters

Construction of, and provision of equipment and technical services for, 2 Groups of Producers operating 2 banana perimeters of about 15 ha each in the Diende area in the region of Kolda.

9. Unidentified Sub-projects

A program of activities for Sub-projects to be identified and carried out after approval in accordance with the provisions of paragraph 2 (c) of Schedule 1 to this Agreement.

Part B: Project Management

1. Construction and equipping of two office facilities in the field for the Project Unit.

2. Strengthening of capabilities of the Project Unit to identify, prepare and supervise small rural projects.

3. Training of: (i) personnel of the Borrower involved in the execution of the Project; and (ii) members of Groups of Producers.

* * * *

The Project is expected to be completed by December 31, 1997.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Senegal may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A hereof, the Borrower may grant a margin of

preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Contracts for vehicles and goods whose estimated individual cost shall not exceed \$200,000 and contracts for civil works whose estimated individual cost shall not exceed \$300,000 equivalent, may be awarded on the basis of competitive bidding advertised locally and in accordance with procedures acceptable to the Association.

2. Contracts for civil works whose estimated individual cost shall not exceed \$100,000 equivalent, and contracts for equipment and materials whose estimated individual cost shall not exceed \$50,000 may be purchased after solicitation from at least three local suppliers or contractors.

Part E: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Project Management

The project manager, assisted by the Project management team, will specifically perform the functions and responsibilities

outlined hereunder, for the purpose of the Project:

(a) preparation of annual work programs, management reports and budgets;

(b) entering into the agreements or arrangements referred to in Section 3.02 of this Agreement, which shall define the respective roles and authorities of the contracting parties relating to the execution of Sub-projects.

(c) verification of payments made by Groups of Producers into their respective Capital Replacement Account pursuant to the provisions of Section 3.03 (a) (ii) of this Agreement;

(d) preparation of bidding documents, evaluation of bids and award of contracts for goods and civil works, in consultation with any entity, agency or department concerned, provided, however that such functions may be delegated to any such entity, agency or department;

(e) collection of data and establishment of a monitoring and evaluation system for Sub-projects in close cooperation with the relevant entities;

(f) with respect to proposed Sub-projects under Part A.9 of the Project:

(i) diffusing information on selection criteria as set forth in Section 3.04 of this Agreement, financial terms and conditions applicable, procedures to be followed until approval, and more generally, providing assistance as may be required to relevant entities, agencies, departments and Groups of Producers in project preparation, including training courses; and

(ii) carrying out of a technical, economic and financial appraisal for each Sub-project, submission for approval in accordance with the provision of Section 3.01 (b)(ii) and, if required, submission to the Association for approval, in accordance with the provisions of paragraph 2 (c) of Schedule 1 to this Agreement;

(g) maintenance of consolidated Project accounts and preparation and submission of financial statements in accordance with the provisions of Section 4.01 of this Agreement;

(h) preparation and submission of quarterly progress reports to the Interministerial Committee and the Association, including a statement on the status of each Capital Replacement Account;

(i) acting as secretary for the Interministerial Committee; and

(j) acting as liaison between the Association and the entities, agencies, departments and Groups of Producers involved in the carrying out of any part of the Project, and having authority over the entire Project management team.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (8) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in

respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount of CFAF 250,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association

pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal by the Borrower or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

