

LOAN NUMBER 3226 PAK

Project Agreement  
(Agricultural Credit Project)

among

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and  
AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN  
and  
ALLIED BANK LIMITED  
and  
HABIB BANK LIMITED  
and  
MUSLIM COMMERCIAL BANK LIMITED  
and  
NATIONAL BANK OF PAKISTAN LIMITED  
and  
UNITED BANK LIMITED

Dated September 28, 1990

LOAN NUMBER 3226 PAK

PROJECT AGREEMENT

AGREEMENT, dated September 28, 1990, among INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN (ADBP) and ALLIED BANK LIMITED (ABL) AND HABIB BANK LIMITED (HBL) and MUSLIM COMMERCIAL BANK LIMITED (MCB) and NATIONAL BANK OF PAKISTAN LIMITED (NBP) and UNITED BANK LIMITED (UBL).

WHEREAS (A) by the Loan Agreement of even date herewith between the Islamic Republic, of Pakistan (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to one hundred forty-eight million five hundred thousand dollars (\$148,500,000), on the terms conditions set forth in the Loan Agreement, but only on condition that ADBP, ABL, HBL, MCB, NBP and UBL (the Participating Credit Institutions or PCIs) agree to undertake such obligations toward the Bank as are set forth in this Agreement;

(B) by subsidiary loan agreements to be entered into between the Borrower and PCIs, the proceeds of the loan provided for under the Loan Agreement will be made available to PCIs on the terms and conditions set forth in said Subsidiary Loan Agreements; and

WHEREAS PCIs, in consideration of the Bank's entering into the Loan Agreement with the Borrower, have agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) PCIs declare their commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out Parts A, B and E of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and agricultural credit practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Parts A, B and E of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Bank and PCIs shall otherwise agree, PCIs shall carry out Parts A, B and E of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

(c) Except as the Bank shall otherwise agree, the proceeds of the Loan lent to PCIs for purposes of Part A of the Project shall be on-lent by them to the beneficiaries under terms and conditions which shall have been approved by the Bank which shall include: (i) for credit extended by ADBP, rates of return set forth in, or otherwise determined from time to time pursuant to, Section 4.03 (b) (ii) of this Agreement; and (ii) for credit extended by NCBs, rates of return determined from time to time pursuant to Section 4.10 (a) of this Agreement.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for Parts A, B and E of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule I to this Agreement.

Section 2.03. PCIs shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and their respective areas of responsibility under Parts A, B and E of the Project.

Section 2.04. PCIs shall duly perform all their obligations under the Subsidiary Loan Agreements. Except as the Bank shall otherwise agree, PCIs shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreements or any provisions thereof.

Section 2.05. (a) PCIs shall, at the request of the Bank, exchange views with the Bank with regard to progress of Parts A, B and E of the Project, the performance of their obligations under this Agreement and under the Subsidiary Loan Agreements, and other matters relating to the purposes of the Loan.

(b) PCIs shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of Parts A, B and E, of the Project, the accomplishment of the purposes of Loan, or the performance by PCIs of their obligations under this Agreement and under the Subsidiary Loan Agreements.

Section 2.06. Except as the Bank shall otherwise agree, PCIs shall not utilize any of the proceeds of the Loan for financing credit under non-interest based financing modes other than hire-purchase, mark-up, leasing, mark-down and buy-back.

## ARTICLE III

### Management and Operations of PCIs

Section 3.01. PCIs shall carry on their operations and

conduct their affairs in accordance with sound administrative, financial and agricultural credit practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. PCIs shall at all times operate and maintain their plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and agricultural credit practices.

Section 3.03. PCIs shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) PCIs shall maintain records and accounts adequate to reflect in accordance with sound accounting practices their operations and financial condition, including separate accounts for Parts A, B and E of the Project.

(b) PCIs shall:

- (i) have their records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of their financial statements for such year as so audited and (B) the report of such audit by said auditors of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Bank shall from time to time reasonably request.

Section 4.02. (a) Except as the Bank shall otherwise agree, ADBP shall not incur any debt, if after the incurrence of such debt the ratio of debt to equity shall be greater than 7:1.

(b) For purposes of this Section:

- (i) The term "debt" means any indebtedness of ADBP maturing by its terms more than one year after the date on which it is originally incurred.
- (ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment, on the date, and to the extent, the amount of such debt has become outstanding pursuant to such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into but only to the extent that the guaranteed debt is outstanding.
- (iii) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and

reserves of ADBP not allocated to cover specific liabilities.

- (iv) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 4.03. (a) Except as the Bank shall otherwise agree, ADBP shall at all times charge rates of return or service charge on financing provided by it which shall be positive in real terms within the meaning of Section 4.05 of the Loan Agreement and which shall be sufficient to enable it:

- (i) to cover all its operating expenditures and charges, including taxes, if any, and interest payments, returns and service charges on borrowings;
- (ii) to make provision for bad debts and maintain such provision at a ratio to total overdues of not less than 40% but in any case not below the level prescribed in SBP's prudential regulations; and
- (iii) to accumulate reserves which shall be adequate to ensure, in conjunction with the Borrower's contributions to ADBP's paid-up capital, that ADBP's ratio of debt to equity is not greater than 7:1 as required under Section 4.02 of this Agreement.

(b) Without limiting the generality of paragraph (a) of this Section, ADBP shall charge:

- (i) on all outstanding balances of funds advanced on the basis of service charge, a service charge at the rate prescribed by SBP; and
- (ii) on funds advanced on the basis of hire-purchase, leasing, mark-up or other such non-interest based financing mode: (aa) in FY 91, a rate of return of not less than twelve percent (12%) per annum; (bb) in FY 92, a rate of return of not less than thirteen percent (13%) per annum; and (cc) in FY 93 and in each fiscal year thereafter, a rate of return as agreed by the Borrower, ADBP and the Bank following the relevant annual review of ADBP's financial position carried out pursuant to Section 4.04 (a) of this Agreement, plus, in each case, a charge of at least three percent (3%) of each installment of principal due, which charge may be waived in cases where installments are paid within thirty calendar days of the due date.

Section 4.04. (a) ADBP shall take appropriate measures each year to achieve a level of profits adequate to fund its reserves as required under Section 4.03 (a) (iii) of this Agreement. To this end, ADBP shall:

- (i) not later than December 31 in each year, review its past and projected income and profit generating capacity and, on the basis thereof, develop proposals for the measures to be taken to achieve the said levels of profits;
- (ii) not later than March 31 in the following year, obtain the concurrence of the Borrower and the Bank to such proposals; and

(iii) thereafter, but not later than the following July 1, implement such proposals.

(b) Except as the Bank shall otherwise agree, ADBP shall not pay out dividends in any year in which its profits fall short of the level required to fund its reserves as required under Section 4.03 (a) (iii) of this Agreement.

Section 4.05. Except as the Bank shall otherwise agree, ADBP shall:

(a) report its income for each fiscal year on an accrual accounting basis as income earned, irrespective of cash received, on loans classified as performing loans in accordance with SBP's prudential regulations;

(b) in cases of early repayment of financing made available on the basis of profit-and-loss sharing, hire-purchase, leasing, mark-up, service charge or other such non-interest based financing mode, calculate and collect the outstanding principal and income on the basis of the principal outstanding as reduced by the installment or installments of the principal paid up to the time of such early repayment; and

(c) apply, at the end of each fiscal year, a permanent write-off policy, in compliance with SBP's prudential regulations and satisfactory to the Bank, of writing-off long overdue loans and other financing.

Section 4.06. Except as the Bank shall otherwise agree, ADBP shall limit its short-term credit financing to twenty-five percent (25%) of all its lending and other financing.

Section 4.07. Except as the Bank shall otherwise agree, ADBP shall limit its credit financing under non-interest based financing modes other than hire-purchase, leasing, mark-up, markdown and buy back, to no more than one percent (1%) of all of ADBP's lending and other financing.

Section 4.08. (a) ADBP shall take all measures necessary to reach under its agricultural credit operations a recovery rate, stated as a ratio of ADBP's total recoverables before rescheduling for each fiscal year under such operations, of at least 75% by June 30, 1991, and at least 80% by June 30, 1993.

(b) For purposes of this Section, the term "total recoverables" means in respect of a given fiscal year, the sum of the amounts overdue at the beginning of such fiscal year and the amounts falling due during such fiscal year.

Section 4.09. ADBP shall modify its credit targeting system so as to ensure that:

(a) out of the total credit disbursements made through the MCO system, at least the following proportions are directed at small-holder farmers with less than 2.5 ha. of land and the landless: (i) in FY 91, 10%; (ii) in FY 92, 15%; and (iii) in FY 93, and in each fiscal year thereafter, 20%; and

(b) out of the total credit disbursements made through the MCO (intensification) system, at least the following proportions are so directed: (i) in FY 91, 15%; (ii) in FY 92, 20%; and (iii) in FY 93, and in each fiscal year thereafter, 25%.

4.10. (a) Except as the Bank shall otherwise agree, NCBS shall charge rates of return on agricultural credit extended by them which shall, from July 1, 1990, be at least positive in real terms within the meaning of Section 4.05 of the Loan Agreement, and which shall:

(i) from that date, be not less than seven percent (7%) per season of not more than eight months for crops other than sugar cane and not less than ten percent (10%) per

annum for sugar cane;

- (ii) from July 1, 1991, be at least sufficient to cover the cost of funds and reasonable administrative costs, all insofar as attributable to NCBs, agricultural credit operations; and
- (iii) from July 1, 1992, be at least sufficient to cover the cost of funds, reasonable administrative costs, adequate provisions for expected loan losses, and a reasonable margin of profit, all insofar as attributable to NCBs' agricultural credit operations.

(b) Each NCB shall: (i) not later than December 31 in each year beginning 1990, review its rate of return structure to determine whether such structure continues to be adequate in light of the requirements of paragraph (a) above; (ii) not later than March 31 in the following year, obtain the concurrence of the Borrower and the Bank to any recommendation for a change in such structure resulting from such review; and (iii) thereafter, but in any case not later than the following July 1, implement such recommendation as concurred to by the Borrower and the Bank.

(c) Each NCB shall, not later than September 30, 1990, strengthen its cost accounting capability, in a manner satisfactory to the Bank, so as to enable it to effectively carry out reviews of its rate of return structure pursuant to paragraph (b) above.

Section 4.11. Except as the Bank shall otherwise agree, NCBs shall limit their agricultural credit financing under non-interest based financing modes to hire-purchase, leasing, mark-up, markdown and buy-back.

Section 4.12. (a) PCIs shall, not later than July 1, 1990, require farmers applying for credit for:

- (i) farm tractors, farm implements and private minor irrigation, to contribute toward the investment costs not less than 15% of such costs, if they own 10 ha. or less of land; not less than 20% of such costs, if they own between 11 and 20 ha. of land; and not less than 25% of such costs, if they own more than 20 ha. of land; and
- (ii) private minor irrigation, to contribute toward the investment costs not less than 10% of such costs, if they own less than 5 ha. of land.

(b) PCIs shall, not later than September 30 in each year, beginning 1991, review, in consultation with the Bank, their requirements for equity contributions by farmers applying for credit for farm tractors, farm implements and private minor irrigation.

Section 4.13. (a) NCBs shall, not later than July 1, 1990, decrease their minimum land-ownership requirement for farm tractors from 10 to 5 ha.

(b) PCIs shall, not later than September 30 in each year, beginning 1991, review, in consultation with the Bank, their minimum land-ownership requirements for farm tractor credit.

Section 4.14. PCIs shall extend agricultural credit only for such investment projects as have been adequately appraised in accordance with procedures satisfactory to the Bank and with particular regard to financial viability, benefits to be derived and product marketability.

Section 4.15. PCIs shall recruit all additional staff required for Parts A, B and E of the Project on merit, through open competition and with the concurrence of the departments to which such staff are to be assigned.

Section 4.16. PCIs shall, in consultation with the Borrower

and the Bank, carry out a mid-term review of Parts A, B and E of the Project, not later than June 30, 1992, and shall thereafter make such adjustments in the activities to be carried out under Parts A, B and E of the Project and the related organizational and operational arrangements as are agreed with the Bank in light of the conclusions of the review.

#### ARTICLE V

##### Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of PCIs thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify PCIs thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### ARTICLE VI

##### Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Bank:

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

Cable address:

INTBAFRAD  
Washington, D. C.

Telex:

197688 (TRT),  
248423 (RCA),  
64145 (WUI) or  
82987 (FTCC)

For ADBP:

Agricultural Development  
Bank of Pakistan  
One Faisal Avenue  
P.O. Box 1400  
Islamabad, Pakistan

Cable address:

AGRIFIN  
Islamabad

Telex:

5618

For ABL:

Allied Bank Limited  
I.I. Chundrigar Road  
Karachi, Pakistan

Telex:

24746

For HBL:

Habib Bank Limited  
I.I. Chundrigar Road  
Karachi, Pakistan

Telex:

2786

For MCB:

Muslim Commercial Bank Limited  
Adamjee House  
I.I. Chundrigar Road  
Karachi, Pakistan

Telex:

24750

For NBP:

National Bank of Pakistan Limited  
I.I. Chundrigar Road  
Karachi, Pakistan

Telex:

23732

For UBL:

United Bank Limited  
9th Floor, State Life Building No. 1  
Karachi, Pakistan

Telex:

32182

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of PCIS, or by PCIs on behalf of the Borrower under the Loan Agreement, may be taken or executed by their Chief Executive Officers or such other person or persons as their Chief Executive Officers shall designate in writing, and their Chief Executive officers shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ M. Wiehen

Acting Regional Vice President



Europe, Middle East and North Africa

AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN  
ALLIED BANK LIMITED  
HABIB BANK LIMITED  
MUSLIM COMMERCIAL BANK LIMITED  
NATIONAL BANK OF PAKISTAN LIMITED  
UNITED BANK LIMITED

By /s/ M. Afzal

Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, equipment and vehicles for Part E of the Project 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).

2. To the extent practicable, contracts for goods for Part E of the Project shall be grouped in bid packages estimated to cost the equivalent of \$100,000 or more each.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Pakistan 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: Other Procurement Procedures

1. All items financed by PCIs under Parts A and B of the Project may be procured through normal commercial channels.

2. Equipment required under Part E of the Project which cannot be grouped in accordance with the provisions of Part A.2 hereof and estimated to cost less than the equivalent of \$100,000 per contract, up to an aggregate amount not to exceed the equivalent of \$750,000, in the case of ADBP, and \$250,000, in the case of NCBs, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decision

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

(a) With respect to each contract to be awarded in accordance with the provisions of Part A hereof, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply.

(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.

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 PCIs in devising new and improving existing credit programs, preparing and implementing staff training programs, and undertaking institutional improvements, PCIs shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by the World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

### SCHEDULE 2

#### Implementation Program

##### A. ADBP's Implementation Arrangements

##### 1. Organizational Structure

(a) ADBP shall, not later than September 30, 1990:

- (i) establish, within its Credit Division, a small-holder farmers/landless wing, a women's credit wing, a pilot projects wing, and a small-scale enterprise wing, all suitably staffed and equipped, to assist in carrying out Parts A and B of the Project; and
- (ii) create, within its Technology Division, a small-scale machinery wing and a women's technology wing, all suitably staffed and equipped, to assist in transferring to the beneficiaries new technology relevant to small-scale enterprises and time-saving devices financed under Parts A and B of the Project.

(b) ADBP shall ensure that:

- (i) the organization and management study to be carried out under Part E (ii) (j) of the Project will be completed not later than December 31, 1991;
- (ii) the findings of such study shall be reviewed with the Borrower and the Bank not later than June 30, 1992; and
- (iii) the recommendations of such study as agreed during such review shall be implemented not later than December 31, 1992.

(c) ADBP shall, not later than September 30, 1990, modify its general ledger system so as to identify borrowers who are small-holder farmers, the landless and women under separate ledger heads from other borrowers.

##### 2. Staff Requirements

ADBP shall:

- (a) recruit, as necessary, or reassign, and train additional MCOs so as to increase its MCO force to 1,590 (including 90 female MCOs) by June 30, 1991, to 1,830 (including 180 female MCOs) by

June 30, 1992, and to 2,000 (including 282 female MCOs) by June 30, 1993; and

- (b) recruit and train female VAs so as to have a female VA force of 90 by June 30, 1991, of 270 by June 30, 1992, and of 552 by June 30, 1993.

### 3. Enabling Action

ADBP shall, not later than December 31, 1990, adopt measures, satisfactory to the Bank, and, where necessary, request the Borrower to issue an official gazette notification, so as to enable ADBP to:

- (a) extend short-, medium- and long-term credit to small-holder farmers, the landless and women pursuant to schemes established under Part B of the Project;
- (b) undertake lending to or through NGOs pursuant to schemes established under Part B of the Project;
- (c) extend credit to finance time-saving devices under Parts A and B of the Project; and
- (d) receive deposits through MCOs and MDOs under any scheme for mobilization of rural savings adopted under Part B of the Project.

### 4. Rural Savings Mobilization Action Plan

(a) Except as the Bank shall otherwise agree, ADBP shall ensure that the rural savings mobilization action plan to be prepared under Part E (ii) (e) of the Project will contain targets which require deposits or other long-term resources mobilized in each fiscal year to grow by not less than 20% over the stock of deposits or other long-term resources for the preceding fiscal year, calculated as the average of deposits existing during the second through the eleventh months of such fiscal year.

- (b) ADBP shall ensure that such action plan will be:
  - (i) prepared and furnished to the Bank, for its review, not later than March 31, 1991; and
  - (ii) implemented, as agreed with the Bank, not later than June 30, 1991.

### B. NCBs' Implementation Arrangements

#### 5. Organizational Structure

Each NCB shall, not later than December 31, 1990, establish an organizational structure, satisfactory to the Bank, under which:

- (a) primary responsibility for project implementation shall be assigned to each provincial headquarters, with some delegation, as necessary, to the circle and zonal offices;
- (b) ACOs shall report directly to the zonal offices, where senior ACOs shall be assigned to supervise them; and
- (c) accounts at the zonal offices shall be computerized.

#### 6. Staff Requirements

NCBs shall recruit, as necessary, or reassign, and train additional ACOs so as to increase their ACO force to 590 by June 30, 1991, to 790 by June 30, 1992, and to 982 by June 30, 1993, excluding in each case the NCBs' requirements of ACOs for the purposes of the on-going National Oilseed Development Project (Loan No. 2973-PAK; Credit No. 1931-PAK).

7. Coordination of Project Activities

Except as the Bank shall otherwise agree, NCBs shall coordinate the appointment of consultants and the submission of withdrawal applications and progress reports to the Bank under Parts A and B of the Project through PBC.

C. Credit Ceilings

8. Except as the Bank shall otherwise agree:

(a) short term credits advanced by ADBP to the landless or beneficiaries owning 2.5 ha. of land or less under Part A.3 of the Project shall be subject to the monetary limit of Rs. 15,000 per credit per beneficiary; and

(b) medium- and long-term credits advanced by PCIs to the landless or beneficiaries owning 2.5 ha. of land or less under Parts A.1 and A.2 of the Project shall be subject to the following monetary limits per credit per beneficiary: (i) for livestock (dairy), Rs 35,000; (ii) for livestock (sheep/goats), Rs. 15,000; (iii) for poultry, Rs. 25,000; (iv) for orchard development, Rs. 20,000; (v) for vegetable farming, Rs. 15,000; and (vi) for rural small-scale enterprises, Rs. 50,000.

D. Linkage with Extension Services

9. Credit-Extension Coordination Committee

(a) ADBP shall, not later than December 31, 1990, establish a Credit-Extension Coordination Committee (CECC), composed of ADBP's Executive Director, Technology, as chairman, and ADBP's Executive Director, Credit, senior officials of NCBS, SBP, the Borrower's Ministry of Food, Agriculture and Cooperatives, and the Directors General of Extension and Livestock of the Borrower's provinces, as members.

(b) CECC shall meet at least once a year and more frequently as necessary to review agricultural credit-extension linkages at the field level and to recommend policy measures for improving such linkages. CECC shall also develop the modalities for the participation of agricultural credit staff in extension programs pursuant to paragraph 10 below.

10. Credit Staff Participation in Extension Programs

PCIs shall, not later than March 31, 1991, make arrangements, satisfactory to the Bank, for participation by MCOs, ACOs and other regional technical staff in extension training programs carried out at the tehsil and district levels in the Borrower's provinces.

E. Use of Pesticides or Fertilizer

11. PCIs shall require the beneficiaries applying for credit under Part A of the Project and found to be using pesticides and/or fertilizer in a manner which is unsafe or harmful to the environment to take corrective measures satisfactory to the Bank in order to be eligible for such credit.

F. Monitoring and Evaluation (M&E)

12. Pursuant to Section 9.07 of the General Conditions, PCIs shall, not later than thirty (30) days after the end of each quarter, beginning with the quarter ending September 30, 1990, furnish to the Bank monitoring and evaluation reports on Parts A, B and E of the Project, in form and substance satisfactory to the Bank.

