

CONFORMED COPY

CREDIT NUMBER 2388 RW

(Food Security and Social Action Project)

between

RWANDESE REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 12, 1992

CREDIT NUMBER 2388 RW

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 12, 1992, between the RWANDESE REPUBLIC (the Borrower) and the 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 Association has received a letter dated May 28, 1992 from the Borrower describing a program of policies, objectives, actions and resource allocations designed to achieve certain social objectives (the Program) and declaring the Borrower's commitment to the carrying out of the Program;

(C) the Borrower has received from World Food Program (WFP) a grant (the WFP Grant) in an amount equivalent to \$15,900,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the WFP Grant Agreement) entered into between the Borrower and WFP;

(D) the Borrower intends to receive from the United Nations Development Program (UNDP) a grant (the UNDP Grant) in an amount equivalent to \$3,100,000 to assist in financing the Project on the

terms and conditions set forth in an agreement (the UNDP Grant Agreement) to be entered into between the Borrower and UNDP;

(E) the Borrower intends to receive from other sources other grants to assist in financing the Project and the Program; 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) "BCP" means Bureau de Coordination du Programme National d'Action Sociale;

(b) "Cellule HIMO" means Cellule de Haute Intensite de Main d'Oeuvre, the executing agency for Part B of the Project;

(c) "MIJEUMA" means the Ministry of Youth and Associative Movement of the Borrower;

(d) "MINEPRISEC" means the Ministry of Primary and Secondary Education of the Borrower;

(e) "MINISANTE" means the Ministry of Health of the Borrower;

(f) "MININTER" means the Ministry of Interior and of Communal Development of the Borrower;

(g) "MINIPLAN" means the Ministry of Planning of the Borrower;

(h) "MINITRAPE" means the Ministry of Public Works and Energy of the Borrower;

(i) "MINITRASO" means the Ministry of Labor and Social Affairs of the Borrower;

(j) "NGO" means Non Governmental Organization;

(k) "PNAS" means Programme National d'Action Sociale, the Borrower's National Social Action Program;

(l) "CDC" means the Project Coordinating Council of PNAS;

(m) "ONAPO" means Office National de la Population;

(n) "PIC" means Programme d'Investissements Communal, the three year rolling Labor Based Works investment program prepared by the communes;

(o) "Social Sector Public Expenditure Program" means the Borrower's public expenditure program for its health and primary and secondary education sectors and for ONAPO and PNAS;

(p) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower

pursuant to an exchange of letters dated February 28, 1992 and March 20, 1992 between the Borrower and the Association; and

(q) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

## 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 this Agreement, an amount in various currencies equivalent to fourteen million Special Drawing Rights (SDR 14,000,000).

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 dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. 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 December 31, 1997 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 the 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; and (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 from the next payment date in that year specified in Section 2.06 of this Agreement.

(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 April 1 and October 1 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 semi-annual installments payable on each April 1 and October 1 commencing October 1, 2002 and ending April 1, 2032. Each installment to and including the installment payable on April 1, 2012 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 United States of America 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 with due diligence and efficiency and in conformity with appropriate social, financial and administrative practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02 (a) Without limitation to its obligations under Section 3.01 (a), the Borrower shall: (i) provide in its budgets amounts sufficient to cover its counterpart contributions to the costs of the Project; (ii) open and maintain, until the completion of the Project, a Project Account in a commercial bank in the name of BCP to be used exclusively for expenditures under the Project; (iii) deposit into the Project Account an initial amount equivalent to \$450,000 (the Initial Deposit) and (iv) thereafter, at the beginning of each quarter, deposit into the Project Account (commencing from the quarter immediately following the quarter in which this Agreement becomes effective), the amount estimated to be required during such quarter to cover the expenditures for the Project which are not covered by withdrawals from the Credit Account

or from contributions from other donors.

(b) the Borrower's counterpart contributions under paragraph (a) of this Section will be assessed on the basis of the consolidated action plan to be submitted to the Association in accordance with paragraph 5 of Schedule 4 to this Agreement.

Section 3.03. 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 3.04. The Borrower shall submit to the Association, not later than October 31 of each year a Social Sector Public Expenditure Program for the coming three years acceptable to the Association. In addition, the Borrower shall submit to the Association, not later than June 30 of each year of the Project, a detailed review of the implementation of the Social Sector Public Expenditure Program during the previous year.

Section 3.05. The Borrower shall submit to the Association quarterly audit reports on actual non-salary spending of MINISANTE, MINEPRISEC, MINIPLAN (for PNAS) and ONAPO. These audit reports shall be prepared by independent auditors in accordance with appropriate audit principles and shall be submitted within 4 months following the end of each quarter.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, including the BCP and the executing agencies referred to in Schedule 4, paragraph 6, to this Agreement.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account 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 6 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 report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special

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

##### Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution, disestablishment or suspension of the activities of the CDC, the BCP or any of the executing agencies, or shall in any other way, through its acts or omissions, have adversely affected the ability of any of these institutions to fully carry out their responsibilities under the Project.

(b) The implementation of the Program shall have been suspended or terminated or shall have materially deviated from such Program as defined in paragraph (B) of the Preamble to this Agreement.

(c) (i) Subject to subparagraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of the WFP Grant or the UNDP Grant, made to the Borrower for the financing of the Project, shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the WFP or the UNDP Grant Agreement.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur;

(b) the event specified in paragraph (c) (i) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (c) (ii) of that Section; and

(c) the event specified in paragraph (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Borrower.

#### ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that:

(a) establishment of CDC and BCP and selection and appointment of key staff for the positions referred to in paragraphs 4 and 14 of Schedule 4 to this Agreement have been completed;

(b) the Borrower's Social Sector Public Expenditure Program for 1993-95 has been received and approved by the Association;

(c) the Association has received from the Borrower, and approved, a training program for the purposes of Part B.2 of the Project;

(d) the Project Account has been opened and the Initial Deposit deposited therein;

(e) the Borrower has established an accounting system for PNAS satisfactory to the Association; and

(f) the standard bidding documents used by the Borrower in its procurement of labor-based works, goods and services has been approved by the Association.

Section 6.02. 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 VII

Representatives of the Borrower; Addresses

Section 7.01. The Minister of Planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Planning  
B. P. 46  
Kigali, Rwanda

Fax:

250 75719

For the Association:

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

Cable address:

Telex:

INDEVAS  
Washington, D.C.

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

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.

RWANDESE REPUBLIC

By /s/ Aloys Uwimana  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edwin R. Lim  
Acting 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	6,200,000	100%
(2) Equipment, Materials and Supplies:	3,300,000	100% of foreign expenditures and 80% of local expenditures
(3) Training and Studies	220,000	100% of foreign expenditures
(4) Consultants' Services	1,000,000	100%
(5) Operating Costs	730,000	100%
(6) Refunding of Project Preparation Advance	950,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(7) Unallocated	1,600,000	
TOTAL	<u>14,000,000</u> =====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "Operating Costs" means incremental costs for vehicle and equipment maintenance, repair and operation of the Executing Agencies and BCP.



3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

## Schedule 2

### Description of the Project

The objectives of the Project are: (a) to improve the food security and social welfare of the poorest population groups; (b) to improve the government's capability to monitor living standards of the population; and (c) to initiate a long-term poverty alleviation strategy.

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

#### Part A: Food Aid and Nutrition

1. Purchase of food and distribution thereof to malnourished mothers, children and AIDS victims, orphans and the destitute elderly.
2. Support to the national nutrition program through:
  - (a) definition of activities to be carried out by nutrition centers;
  - (b) training and supervision of staff of nutrition centers involved in Part A of the Project;
  - (c) establishment of a national nutrition monitoring system.
3. Establishment and operation of a rapid response system for acute food shortage situations.
4. Preparation of a Food Aid Charter in support of the development of a coherent food aid policy and the monitoring of the use thereof.

#### Part B: Labor Based Works

1. Carrying out of Labor Based Works in the 43 poorest communes in the country already identified (and in other communes to be determined during Project implementation up to an amount not exceeding 10% of cost of this Part of the Project). Labor Based works to be carried out are:
  - (a) communal road rehabilitation and maintenance;
  - (b) anti-erosion (including reforestation) and land improvement measures; and
  - (c) other public works in rural communes as well as in urban areas.
2. Training of small and medium-scale private enterprises and NGOs to enable them to participate in Labor Based Works.
3. Strengthening of the communal administrations' capacity to plan small-scale private investments through preparation and revision of PICs.

#### Part C: Micro-Enterprise Promotion and Development

The promotion and assisting in the creation of potentially profitable micro-enterprises in rural areas in order to generate productive non-agricultural employment, through:

1. the creation of awareness amongst target populations of the

potential for more lucrative off-farm employment opportunities;

2. the identification of potential entrepreneurs and ideas for productive purposes through NGOs;
3. training of entrepreneurs involved in said micro enterprises;
4. assistance to entrepreneurs in the obtaining of financing; and
5. monitoring of assisted micro enterprises.

Part D: Social Surveys

The establishment and implementation of a welfare monitoring system with a view to strengthening the Borrower's capacities to: (1) monitor the living standards of the population through socio-economic surveys and studies; and (2) elaborate relevant social policies and strategies.

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The Project is expected to be completed by June 30, 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 C hereof, goods 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 equipment, vehicles and supplies shall be grouped into bid packages estimated to cost the equivalent of \$300,000 or more.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Rwanda 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. Civil works shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association, provided that, should such procedures fail to attract a capable contractor willing to execute such works, direct contracting may be used for works estimated to cost less than \$60,000 per contract up to an aggregate amount not exceeding \$4,300,000.
2. Materials, estimated to cost between the equivalent of \$100,000 and \$300,000 per contract, may, up to an aggregate amount equivalent to \$1,600,000, be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.
3. Furniture and office supplies, estimated to cost the equivalent of \$15,000 or less per contract, may, up to an aggregate amount equivalent to \$100,000, be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

4. Contracts for the maintenance, repair and operation of vehicles and equipment estimated to cost the equivalent of \$100,000 or less per contract may, up to an aggregate amount equivalent to \$1,000,000, be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part D: 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 \$100,000 or more, and all direct contracts for civil works up to September 30, 1995, 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 subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

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

##### Implementation Program

##### Project Management

1. The BCP, to be established within MINIPLAN pursuant to Section 6.01 (a) of this Agreement, shall be responsible for the overall coordination and implementation of the Project. The BCP shall be directly accountable to the Project Coordinating Counsel (CDC). The day-to-day management of the implementation of the various parts of the Project shall be delegated to separate executing agencies in accordance with paragraph 6 of this Schedule.

2. The CCP, to be established pursuant to Section 6.01 (a) of this Agreement, shall consist of representatives of MINIPLAN, MININTER, MIJEUMA, MINITRASO, MINEPRISEC, MINITRAPE, MINISANTE, the

Ministry of Industry, Commerce and Handicrafts, the Ministry of Agriculture, the Ministry of Foreign Affairs and Cooperation, the Ministry of Environment and Tourism, the Ministry of Family and the Promotion of Women, NGOs and other donors. The Borrower shall operate the CDC under terms of reference acceptable to the Association that shall include:

(a) coordination among all donors involved in the Project;

(b) appointment and dismissal of the BCP staff;

(c) determination of the strategies underlying the implementation of the Project within the framework of the overall objectives thereof.

3. The Borrower shall operate the BCP, through MINIPLAN, under terms of reference acceptable to the Association that shall include:

(a) review and approval of the executing agencies' annual work programs and budgets;

(b) preparation of an annual consolidated action plan, budget and execution timetable covering all parts of the Project;

(c) coordination with the ministries involved in the Project.

(d) management of disbursement procedures including the Special Account.

4. The Borrower shall ensure that key positions at the BCP shall at all times be staffed by staff whose experience and qualifications are acceptable to the Association, including a Director, a Financial Manager and a Procurement Specialist.

5. The Borrower shall ensure the submission by the BCP to the Association for its approval of the annual consolidated action plan (including a budget and an execution timetable) for the next year no later than October 31 of each year.

6. The following agencies will be the executing agencies for the various parts of the Project:

Part A: The Executive Office of the Food Security and Nutrition Program within MINITRASO.

Part B: The Cellule HIMO, within MININTER.

Part C: The Executive Office of the Basic Initiatives Support Program, within MIJEUMA.

Part D: The General Directorate of Statistics within MINIPLAN.

#### Project Monitoring and Review

7. Project monitoring will take place under the overall responsibility of the BCP and will assess the financial and physical progress of the various parts of the Project. Data will be collected by the executing agencies on the basis of indicators acceptable to the Association. These data will be transmitted to the BCP on a quarterly basis. The BCP will consolidate these data into an annual progress report to be submitted to the National Project Committee of PNAS and the Association annually not later than June 30 of each year.

8. This annual progress report shall include:

(a) a review of the status of all monitoring indicators against targets set in the annual work programs;

(b) a general assessment of the progress towards the

achievement of the Project and lessons learned during the past year;

(c) procurement for all Project parts financed by the Association;

(d) disbursement for each part of the Project;

(e) identification of implementation problems and the proposed remedial actions; and

(f) a review of actual unit costs quoted under LCB and direct contracting.

9. The Borrower and the Association shall carry out a joint mid-term review of the Project not later than September 30, 1995 and the Borrower shall furnish to the Association not later than June 30, 1995, the reports and other inputs necessary for such review. The terms of reference of the review shall include:

(a) the impact of the various parts of the Project on target groups at the community level;

(b) the requirement to revise the initial targeting;

(c) the performance of the BCP and the executing agencies;

(d) the coordination with the ministries;

(e) actual unit costs quoted under LCB and direct contracting, which will serve as a basis for future decisions concerning direct contracting; and

(f) an assessment of the sustainability of the Project;

(g) recommendations for the second phase of the Project implementation.

#### Part B of the Project

10. The communal administrations, with support from the Cellule HIMO, will prepare an exhaustive inventory including preliminary cost estimates of all potential Labor Based Works in their communes for the period 1993 through 1995. On the basis thereof the communal councils will vote and establish their PIC's. The PIC's will be submitted to the Cellule HIMO by January 1, 1993. The Cellule HIMO can request supplementary information until February 15, 1993 and shall submit an annual action program incorporating all the PIC's (or the revised PIC's if the Cellule HIMO deems revision appropriate) to the BCP no later than March 31, 1993 for its approval. The BCP shall establish the annual action program (including any revisions the BCP deems appropriate) no later than April 30, 1993.

11. The PIC will be reviewed annually by the communal administrations and if necessary revised and resulting in a revision of the annual work program approved by BCP following, mutatis mutandis, the timetable given above.

12. The selection by the BCP and the Cellule HIMO of projects to be included in the annual work and action programs shall be in accordance with procedures and criteria acceptable to the Association.

13. The Cellule HIMO, the executing agency for Part B of the Project, will consist of three technical units (roads, forests and other works) and one unit for administration and finance. The Borrower shall operate the Cellule HIMO under terms of reference acceptable to the Association that shall include the authority to procure goods and services subject to regular audits only.

14. The Borrower shall ensure that key positions at the Cellule HIMO shall at all times be staffed by staff whose experience and qualifications are acceptable to the Association, including the

Director and chiefs for each of the four units mentioned in paragraph 13 above.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (5) 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 equivalent to \$200,000 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 paid 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 or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

