

CONFORMED COPY

CREDIT NUMBER 1955 GUI

(National Research and Extension Project)

between

REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 29, 1988

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 29, 1988, between the REPUBLIC OF GUINEA (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 Borrower has obtained from the European Development Fund (EDF) a grant (the EDF Grant) in an amount equivalent to \$6,100,000 to assist in financing Part A of the Project on the terms and conditions set forth in an agreement (the EDF Grant Agreement) between the Borrower and EDF, dated November 19, 1987;

(C) the Borrower has obtained from the French Fonds d'Aide et de Cooperation (FAC) a grant (the FAC Grant) in an amount equivalent to about \$1,600,000 to assist in financing Part A of the Project on the terms and conditions set forth in agreements entered into between the Borrower and FAC (the FAC Grant Agreements);

(D) the Borrower intends to obtain from the International Fund for Agricultural Development (IFAD) a loan (the IFAD Loan) in an amount equivalent to \$1,900,000 to assist in financing Part A 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) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(b) "Project Preparation Advance" means the two project preparation advances granted by the Association to the Borrower pursuant to exchanges of letters dated July 22, 1986, August 7, 1986, July 21, 1987 and September 8, 1987, between the Borrower and the Association;

(c) "DRA" means Direction de la Recherche Agronomique, SERS' directorate responsible for agricultural research;

(d) "GNF" means Guinean Franc, the currency of the Borrower;

(e) "MARA" means Ministere de l'Agriculture et des Ressources Animales, the Borrower's ministry of agriculture and animal resources;

(f) "SED" means Secretariat d'Etat a la Decentralisation, the Borrower's department in charge of decentralization;

(g) "SERS" means Secretariat d'Etat a la Recherche Scientifique, the Borrower's department in charge of scientific research;

(h) "SNATC" means Service National d'Assistance Technique aux Cooperatives, an agency of the Borrower to be established pursuant to Section 3.07 of this Agreement;

(i) "Extension Unit" means the unit of MARA in charge of the implementation of Part B of the Project and formerly known as "Projet Pilote de Vulgarisation Agricole"; and

(j) "Revolving Account" means one of the accounts referred to in Section 3.01 (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 the Development Credit Agreement, an amount in various currencies

equivalent to fourteen million two hundred thousand Special Drawing Rights (SDR 14,200,000).

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 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 4 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, 1994, 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; 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 as of 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 March 1 and September 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 semiannual installments payable on each March 1 and September 1 commencing March 1, 1999, and ending September 1, 2028. Each installment to and including the installment payable on September 1, 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 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 through MARA, SERS and SNATC with due diligence and efficiency and in conformity with appropriate administrative, financial, research and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall maintain in a commercial bank three separate revolving accounts in GNF for the exclusive purpose of Parts A and E.1 of the Project (Revolving Account A), Parts B and E.2 of the Project (Revolving Account B) and Part C of the Project (Revolving Account C), respectively. After an initial deposit of GNF 25,000,000 in Revolving Account A, GNF 30,000,000 in Revolving Account B and GNF 10,000,000 in Revolving Account C, the Borrower shall replenish said accounts, as and when required to ensure that on the first day of each calendar quarter an amount equal to at least the initial deposit shall be available in each such account to finance the Borrower's contribution to the estimated cost of the respective Parts of the Project for the said quarter.

(c) The Borrower shall authorize the director of DRA, the director of the Extension Unit and the director of SNATC to make payments out of the corresponding revolving accounts for amounts not exceeding that of the corresponding initial deposit.

(d) The Borrower shall: (i) authorize the head of each agricultural research center to open and maintain an account in Guinean Francs at a commercial bank; and (ii) replenish such accounts from time to time to ensure that adequate amounts are available in each such account to finance operating expenditures of such center.

Section 3.02. 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 3.03. The Borrower shall:

(a) not later than June 30, 1989, employ:

- (i) an agricultural socio-economist to assist the director of DRA in carrying out diagnostic surveys and socio-economic evaluations of production alternatives and on-farm research;
- (ii) an extension specialist to assist the director of the Extension Unit in organizing and managing said unit;
- (iii) a training specialist to assist DRA and the Extension Unit in carrying out Parts A.2 and B.7 of the Project; and
- (iv) one or more expert(s) to assist the Extension Unit, DRA and SNATC in preparing a financial management and control system for the Project and in implementing and monitoring such system; and

(b) not later than the first day such consultants are employed: (i) assign at least one qualified and experienced counterpart staff to work with each such consultant; and (ii) provide adequate office space, equipment and supplies to each such consultant.

Section 3.04. (a) The Borrower shall, not later than June 30, 1989, enact instruments detailing the respective responsibilities of MARA and SERS in agricultural research.

(b) The Borrower shall, not later than November 30, 1990, review and evaluate its institutional framework and programs for agricultural research, discuss the recommendations resulting from the conclusion of such review with the Association, and promptly thereafter implement such recommendations as shall have been satisfactory to the Association.

(c) The Borrower shall maintain DRA at an institutional level at least equivalent to that of a direction nationale and, as long as DRA is part of SERS, the Director of DRA shall report directly to the Secretary of State for Scientific Research.

(d) The agricultural research centers shall report directly to the director of DRA.

Section 3.05. (a) The Borrower shall, not later than March 31, 1989, establish, and thereafter maintain, a National Research and Extension Committee, comprising inter alia representatives of farmers groups, researchers, extension specialists and, in an observer capacity, concerned donors.

(b) Said committee shall be responsible inter alia for: (i) advising DRA, the research centers and the Extension Unit on the formulation of research and extension objectives, priorities and programs; (ii) coordinating research and extension activities; and (iii) not later than October 31 of each year starting in 1989, reviewing and advising the Borrower on research and extension programs and budgets prior to their submission to the Association for comments.

Section 3.06. For the purposes of Parts A.2 and B.7 of the Project, the Borrower shall:

(a) not later than June 30, 1989, subject to a technical qualification test satisfactory to the Association all candidates for training on foreign fellowships to be financed out of the proceeds of the Credit;

(b) submit to the Association for its comments the program for the training to be undertaken by such candidates; and

(c) take all necessary measures to ensure that all staff having received such training remain, for a period of at least three years after its completion, assigned to tasks for which they were trained.

Section 3.07. The Borrower shall, not later than June 30, 1989, establish an autonomous national agricultural cooperatives support agency; said agency, with a mandate and structure satisfactory to the Association, shall inter alia extend administrative and financial support to farmers' groups and cooperatives providing agricultural services (including input supply, marketing, credit and savings) to their members.

Section 3.08. The Borrower shall, not later than March 31, 1989, submit to the Association for its approval a detailed action plan for the monitoring and evaluation of the Project.

#### 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: (i) 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; and (ii) the operation and financial condition of SNATC.

(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 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.

Section 4.02. The Borrower shall, not later than June 30, 1989: (a) establish a closing balance sheet at December 31, 1988, for each agricultural research center and the pilot agricultural extension project; and (b) set up a financial management system for Project activities.

Section 4.03. The Borrower shall, during the execution of the Project, authorize the director of DRA and the director of the Extension Unit to commit expenditures in an amount not exceeding the threshold at which the Borrower's procurement code becomes applicable.

#### 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) Any of the instruments governing MARA, SERS, SNATC or the committee referred to in Section 3.05 of this Agreement shall have been amended, suspended, abrogated, repealed or waived so as to affect in the Association's opinion materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement.

(b) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any grant or loan 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 agreement providing therefor, or

(B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring 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) any event specified in paragraph (a) of Section 5.01 of this Agreement shall occur; and

(b) any event specified in paragraph (b) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (ii) of that Section.

#### ARTICLE VI

Effective Date; Termination

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

(a) Revolving Accounts A and B referred to in Section 3.01 (b) of this Agreement have been opened and the Borrower has deposited therein the initial amounts referred to in said Section; and

(b) an action plan, satisfactory to the Association, has been adopted in order to comply with the Borrower's obligations with regard to external debt reporting to the World Bank.

Section 6.02. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Economy and Finance 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 Economy and Finance  
B.P. 579  
Conakry  
Republic of Guinea

Telex:

22399 MIFI

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 GUINEA

By /s/ Kekoura Camara  
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:		
(a) for Part A	690,000	100%
(b) for Part B	770,000	100%
(2) Vehicles and equipment:		
(a) for Parts A and E.1	1,230,000	100%
(b) for Parts B and E.2	1,770,000	100%
(c) for Part C	80,000	100%
(3) Consultants' services:		
(a) for Part A	1,080,000	100%
(b) for Part B	1,310,000	100%
(c) for Part C	310,000	100%
(4) Fellowships	770,000	100%

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(5) Operating costs:		90% in 1988 and 1989; 85% in 1990; 75% in 1991; 50% in 1992; and finally 40% in 1993 and 1994
(a) for Parts A and E.1	1,310,000	
(b) for Parts B and E.2	2,240,000	
(c) for Part C	150,000	
(6) Goods and services for Part D	690,000	100%

(7) Refunding of Project Preparation Advance	680,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(8) Unallocated	1,120,000	
TOTAL	14,200,000	

2. For the purposes of this Schedule, the term "operating costs" means expenditures for salaries of temporary incremental staff, salary bonuses and travel expenses, vehicle operation and maintenance and office supplies for Project-related activities, all such expenditures to be incurred in accordance with the Borrower's own regulations as shall have been satisfactory to the Association.

3. 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) payments for expenditures to be financed from the proceeds of the Credit allocated to Categories (2)(c), (3)(c) and (5)(c), unless SNATC has been established, its regulations have been adopted and are satisfactory to the Association, and Revolving Account C has been opened and the Borrower has deposited GNF 10,000,000 therein in accordance with the provisions of Section 3.01 (b) of this Agreement; and

(c) payments for expenditures to be financed from the proceeds of the Credit allocated to Category (6), unless the Borrower has submitted for each project preparation activity to be undertaken a detailed list of activities to be carried out, and of their justification, cost, financing and procurement, all of which shall be satisfactory to the Association.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to assist farmers in increasing the productivity of their farming systems.

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: Research

1. Strengthening of SERS' capacity to plan and administer research programs.

2. Training of staff in Guinea and overseas.

#### 3. Applied Research:

(a) Identification, selection and testing of local and introduced plant materials and of new production techniques for the country's various agro-ecological conditions on six selected research centers (on station, on off-station sites and on farmers' fields).

(b) Construction or rehabilitation of farm infrastructure and office and laboratory space.

(c) Acquisition of farm and laboratory equipment and

vehicles.

4. Adaptive Research:

- (a) Diagnostic surveys of farming systems and constraints and farmers' needs in the country's four natural regions.
- (b) Carrying out of trials to test the adaptability and acceptability of plant materials and production techniques, including replicated experiments on off-station sites and tests on farmers' fields.
- (c) Acquisition of small agricultural equipment and materials and vehicles for DRA.

Part B: Extension Services

- 1. Strengthening of MARA's capacity to plan and administer extension programs at field and headquarters levels.
- 2. Implementation of the training-and-visit system of delivery of technical messages to farmers.
- 3. Development of demonstration plots.
- 4. Increase in the delivery of extension services by women and adaptation of messages to fit the needs of women farmers.
- 5. Construction or rehabilitation of offices and training space.
- 6. Acquisition of vehicles, motorcycles, bicycles, audio-visual and other teaching equipment.
- 7. Training of staff in Guinea and overseas.

Part C: Development of Agricultural Cooperatives

- 1. Establishment of a national agricultural cooperatives support agency.
- 2. Provision of management assistance, training, and audit and other services to farmers' credit and marketing cooperatives.

Part D: Project Preparation Activities

Identification and preparation of projects in the agricultural sector for financing by external donors.

Part E: Monitoring and Evaluation

- 1. Establishment and implementation of a system for the monitoring and evaluation of Part A of the Project.
- 2. Establishment and implementation of a system for the monitoring and evaluation of Part B of the Project.

\* \* \*

The Project is expected to be completed by June 30, 1994.

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 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).

2. To the extent practicable, contracts for goods 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 the Republic of Guinea 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. Goods estimated to cost less than the equivalent of \$100,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,000,000, and civil works may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Goods and civil works estimated to cost less than the equivalent of \$30,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,500,000, 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 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, 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 4 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 10% 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

#### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (6) 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 \$500,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

(b) The Borrower authorizes the director of DRA and the director of the Extension Unit to make payments out of the Special Account in amounts not exceeding the equivalent of \$100,000.

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

- (i) 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
- (ii) 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.

(b) 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 and with the Association's consent, 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 cancellation or subsequent withdrawal as the

Association may determine.

