

CONFORMED COPY

INTERIM FUND CREDIT NUMBER N021 MLI

Project Agreement

(Pilot Private Irrigation Promotion Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION as Administrator of the interim trust fund established with funds contributed by certain members of International Development Association pursuant to Resolution No. IDA 184 of the Board of Governors of International Development Association

and

AGENCE POUR LA PROMOTION DES FILIERES AGRICOLES

Dated July 3, 1997

INTERIM FUND CREDIT NUMBER N021 MLI

PROJECT AGREEMENT

AGREEMENT, dated July 3, 1997, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) as administrator (the Administrator) of the interim trust fund (Interim Fund) established with funds contributed by certain members of the Association pursuant to Resolution No. IDA 184 (the Interim Fund Resolution) of the Board of Governors of the Association on June 26, 1996 and AGENCE POUR LA PROMOTION DES FILIERES AGRICOLES (APROFA).

WHEREAS (A) by the Interim Fund Development Credit Agreement of even date herewith between THE REPUBLIC OF MALI (the Borrower) and the Administrator, the Administrator has agreed to make available to the Borrower an amount in various currencies equivalent to three million Special Drawing Rights (SDR 3,000,000), on the terms and conditions set forth in the Interim Fund Development Credit Agreement, but only on condition that APROFA agrees to undertake such obligations toward the Administrator as are set forth in this Agreement;

(B) by an agreement to be entered into between the Borrower and APROFA (Convention), the proceeds of the Interim Fund Credit provided for under the Interim Fund Development Credit Agreement will be made available to APROFA on the terms and conditions set forth in the said Convention; and

WHEREAS APROFA, in consideration of the Administrator's entering into the Interim Fund Development Credit Agreement with the Borrower, has 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 Interim Fund Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) APROFA declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Interim Fund Development Credit Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate environmental, administrative and financial practices, and shall provide, or cause to be provided, 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 Administrator and APROFA shall otherwise agree, APROFA shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Administrator shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Interim Fund Credit shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. APROFA shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 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 this Agreement and the Project.

Section 2.04. (a) APROFA shall, at the request of the Administrator, exchange views with the Administrator with regard to the progress of the Project, the performance of its obligations under this Agreement, and other matters relating to the purposes of the Interim Fund Credit; and

(b) APROFA shall promptly inform the Administrator of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Interim Fund Credit, or the performance by APROFA of its obligations under this Agreement.

Section 2.05. APROFA shall duly perform all its obligations under the Convention. Except as the Administrator shall otherwise agree, APROFA shall not take or concur in action which would have the effect of amending, abrogating, or waiving the Convention or any provision thereof.

Section 2.06. For the purposes of Section 9.07 of the General Conditions, APROFA shall:

(a) prepare, on the basis of guidelines acceptable to the Administrator, and furnish to the Administrator not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the APROFA and the Administrator, a plan designed to ensure the continued achievement of the objective of the Project; and

(b) afford the Administrator a reasonable opportunity to exchange views with APROFA on said plan.

## ARTICLE III

### Management and Operations of APROFA

Section 3.01. APROFA shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, and environmental practices under the

supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. APROFA shall at all times operate and maintain its equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound financial practices.

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

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) APROFA shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition, including its operations in respect to the Project.

(b) APROFA shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements), including those for the Special Account, for each period of six (6) months audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;

(ii) furnish to the Administrator as soon as available, but in any case not later than four (4) months after the end of the period referred to in subparagraph (i) above: (A) certified copies of its 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 Administrator shall have reasonably requested; and

(iii) furnish to the Administrator such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Administrator shall from time to time reasonably request.

#### 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 Interim Fund Development Credit Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Administrator and of APROFA thereunder shall terminate on the date on which the Interim Fund Development Credit Agreement shall terminate in accordance with its terms.

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 Administrator:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

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

For APROFA:

555 Avenue Cheikh Zaed  
BP: E2699  
Bamako  
Mali

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 APROFA, or by APROFA on behalf of the Borrower under the Interim Fund Development Credit Agreement, may be taken or executed by the General Manager of APROFA or such other person or persons as the General Manager shall designate in writing, and APROFA shall furnish to the Administrator 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 DEVELOPMENT ASSOCIATION  
as Administrator of the interim trust fund established with  
funds contributed by certain members of  
International Development Association pursuant to  
Resolution No. IDA 184 of the Board of Governors of  
International Development Association

By /s/ Praful C. Patel

Acting Regional Vice President  
Africa

AGENCE POUR LA PROMOTION  
DES FILIERES AGRICOLES

By /s/ Cheick Oumar Diarra

Authorized Representative

## Procurement and Consultants' Services

### Section I. Procurement of Goods

#### Part A: General

Goods shall be procured in accordance with the provisions of "Section I of the Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 as amended in January and August 1996 (the Guidelines) and the following provisions of this Section, as applicable.

#### Part B: International Competitive Bidding

1. Except as provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this part B:

##### (a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$150,000 equivalent or more each.

##### (b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

#### Part C: Other Procurement Procedures

##### 1. National Competitive Bidding

Goods estimated to cost less than \$150,000 equivalent per contract up to an aggregate amount not to exceed \$550,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

##### 2. National Shopping

Goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

#### Part D: Review by the Administrator of Procurement Decisions

##### 1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Administrator for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods shall be undertaken in accordance with such procurement plan as shall have been approved by the Administrator, and with the provisions of said paragraph.

##### 2. Prior Review

With respect to each contract for goods estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraph 2 and 3 of Appendix 1 to the Guidelines shall apply.

##### 3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

## Section II. Employment of Consultants

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions 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 (the Consultants Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Administrator review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each, or (b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Administrator review shall not apply to: (i) the terms of reference for such contracts, (ii) single-source selection of consulting firms, (iii) assignments of a critical nature, as reasonably determined by the Administrator, (iv) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (v) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

## Section III. Eligibility Restrictions

1. Notwithstanding the provisions of paragraph 1.6 of the Guidelines, the proceeds of the Interim Fund Credit may only be withdrawn on account of expenditures for goods and works provided by nationals of, and produced in or supplied from, Participating Countries; consequently, nationals of countries that are not Participating Countries and bidders offering goods and works from such countries shall be disqualified from bidding for such contracts, and the bidding documents shall so specify.

2. Notwithstanding the provisions of paragraph 1.02 of the Consultant Guidelines, only consultants from Participating Countries shall be eligible to provide services financed out of the proceeds of the Interim Fund Credit.

## SCHEDULE 2

### Implementation Program

1. Under the overall coordination of MDRE, APROFA will be responsible for the implementation of the Project. For this purpose, MDRE shall modify the composition of the Consultative Committee to include representatives of the private irrigation subsector. For the purposes of the implementation of the Project, APROFA shall establish work units, with all necessary staff, in Bamako, Koulikoro, Segou, Sikasso and Mopti. Provided, however that the Mopti unit shall be established only after the midterm review referred to in Section 3.03. (a) of the Development Credit Agreement dated August 9, 1995 (Credit Number 2737 MLI).

2. APROFA shall coordinate its activities with existing specialized agencies, programs, and projects providing support to private sector operators engaged in irrigation activities within the territory of the Borrower.

3. APROFA shall implement partial cost recovery mechanisms described in the Manuel de Procédures, acceptable to the Association, for the provision of all support services to be provided under the Project.

4. APROFA shall carry out the Project, in accordance with the procedures, guidelines, monitoring indicators and criteria set out in Manuel de Procédures and, except as the Administrator shall otherwise agree, APROFA shall not amend, abrogate or waive any provision thereof in a manner which, in the opinion of the Administrator, will materially and adversely affect the implementation of the Project.

5. APROFA shall carry out the Project in accordance with the Environmental

Mitigation Plan.

6. APROFA shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Administrator, the carrying out of the Project and the achievement of the objectives thereof.

(b) furnish to the Administrator for its review and comments semiannual progress reports on the status of the Project.

(c) not later than November 1 of each year, furnish to the Administrator: (i) for its approval, a proposed annual work program, including a proposed budget and financing plan, for the forthcoming fiscal year, and (ii) for its review, a report in such detail as the Administrator shall reasonably request, on the progress of the Project during the current year.

(d) not later than June 30 and December 31 of each year, commencing in 1998, undertake, in conjunction with the Administrator and the Borrower a joint semiannual review on all matters relating to the progress of the Project and, in particular, the progress achieved by APROFA during the current fiscal year, having regard to the monitoring indicators referred to in subparagraph (a) of this paragraph.

(e) following each semiannual review, act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming identified in the implementation of the Project, or to implement such measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

7. APROFA shall:

(a) participate in the midterm review referred to in Section 3.04 of the Development Credit Agreement.

(b) Not later than thirty days prior to the review referred to in paragraph (a) above, APROFA furnish to the Administrator, for its comments, a report in such detail as the Administrator shall reasonably request, including an evaluation of the progress achieved in implementing the various components of the Project, and a draft action plan containing proposals for remedying any identified deficiencies.

(c) Promptly after said review, (i) prepare an action plan satisfactory to the Administrator based on the recommendations stemming from the aforementioned review, and (ii) adopt and implement said action plan for the remainder of the Project implementation period.

