

CONFORMED COPY

CREDIT NUMBER 2235 MLI

(Agricultural Services Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 31, 1991

CREDIT NUMBER 2235 MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 31, 1991, between REPUBLIC OF MALI (the "Borrower") and INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association").

WHEREAS 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;

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 Develop-

ment 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 have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "CFAF" and "CFA Franc" mean the currency of the Borrower;

(b) "DNA" means Direction Nationale de l'Agriculture, the National Directorate of Agriculture of MA (as hereinafter defined);

(c) "DNAFLA" means Direction Nationale de l'Alphabetisation Fonctionnelle et de la Linguistique Appliquee, the National Directorate of Functional Literacy and Applied Linguistics of MEN (as hereinafter defined);

(d) "DNE" means Direction Nationale de l'Elevage, the National Livestock Directorate of MEE (as hereinafter defined);

(e) "DNEF" means Direction Nationale des Eaux et Forcets, the National Directorate of Water and Forests of MEE (as hereinafter defined);

(f) "DNGR" means Direction Nationale du Genie Rural, the National Directorate of Rural Engineering of MA (as hereinafter defined);

(g) "IER" means Institut d'Economie Rurale, the Rural Economics Institute, a Borrower's public department attached to MA (as hereinafter defined);

(h) "MA" means Ministcre de l'Agriculture, the Borrower's Ministry of Agriculture;

(i) "MEE" means Ministcre de l'Environnement et de l'Elevage, the Borrower's Ministry of Environment and Livestock;

(j) "MEN" means Ministcre de l'Education Nationale, the Borrower's Ministry of National Education;

(k) "Project Accounting Unit" means the unit referred to in Section 3.04 (c) (i) of this Agreement;

(l) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to exchanges of letters dated May 9, 1989 and May 25, 1989 and July 19, 1990 and August 10, 1990 respectively, between the Borrower and the Association;

(m) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

(n) "Technical Coordination Committee" means the committee referred to in Section 3.04 (a) 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 eighteen million three hundred thousand Special Drawing Rights (SDR 18,300,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the

Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special 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 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 September 30, 1995 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 per cent (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 May 1 and November 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 May 1 and November 1, commencing November 1, 2001 and ending May 1, 2031. Each installment to and including the installment payable on May 1, 2011 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 French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. 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 MA, MEN and MEE with due diligence and efficiency and in conformity with appropriate administrative, financial and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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. (a) The Borrower and the Association shall, from time to time, and in any case not later than June 30 in each year the Project is being executed, starting with June 30, 1992, exchange views on the progress achieved in carrying out the Project.

(b) Prior to any such exchange of views as specified in paragraph (a) of this Section and not later than March 31 of each year, the Borrower shall furnish a work program satisfactory to the Association including the following:

- (i) a project performance review for the previous year of Project implementation;
- (ii) details of the activities to carry out during the following agricultural season including provisions relating to staffing and training;
- (iii) detailed investment and operating budgets broken down by component;
- (iv) a financing plan indicating the funding for the investment and operating budgets referred to in paragraph (iii) above; and
- (v) monitoring and evaluating objectives for the following agricultural season.

(c) During the exchange of views to take place not later than June 30, 1993 pursuant to paragraph (a) of this Section, the Borrower and the Association shall also discuss a comprehensive proposal for the further implementation of the Project.

Section 3.04. In order to ensure the carrying out of the Project, the Borrower shall establish and maintain for the duration of Project execution and in a manner satisfactory to the Association:

(a) a Technical Coordinating Committee to ensure the overall coordination of the Project, to be composed of: (i) the Director of DNA; (ii) the Director of DNE; (iii) the Director of DNEF; (iv) the Director General of IER; and (v) the Director of DNAFLA;

(b) a Project monitoring and evaluating system, including: (i) the organization and staffing of a monitoring unit within DNA; (ii) the organization and staffing of regional monitoring units; (iii) a list of the aspects of Project activity to be monitored and evaluated; (iv) the frequency of monitoring; and (v) the system of feedback into extension practices; and

(c) a Project Accounting Unit and related accounting system and procedures.

#### 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.

(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 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 in-

cluded in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Effective Date; Termination

Section 5.01. The following 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) the Technical Coordinating Committee has been established and is satisfactory to the Association;

(b) the Project monitoring and evaluating system specified in Section 3.04 (b) of this Agreement has been submitted and is satisfactory to the Association;

(c) the Borrower has instituted in a manner satisfactory to the Association: (i) the Project Accounting Unit; (ii) a related accounting system and procedures; and (iii) a mechanism to ensure financing of its share of the Project costs; and

(d) a work program for the carrying out of Part B of the Project during the first year of Project implementation has been submitted and is satisfactory to the Association.

Section 5.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VI

##### Representatives of the Borrower; Addresses

Section 6.01. The Minister responsible for Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministcre des Finances et du Commerce  
Bamako  
Republic of Mali

Cable address:

MINIFINANCES  
Bamako

Telex:

972559 MINIFINANCE

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:

197688 (ITT),  
248423 (RCA),  
64145 (WUI) or

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 MALI

By /s/ Mohamed A. Toure  
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<br>Credit Allocated<br>(Expressed in<br>SDR Equivalent) | % of<br>Expenditures<br>to be Financed  |
|--|---|---|
| (1) Civil Works                                      | 600,000   | 100%  |
| (2) Equipment and<br>materials                       | 1,300,000   | 100%  |
| (3) Vehicles   | 4,000,000   | 100%  |
| (4) Consultants and<br>training                      | 600,000   | 100%  |
| (5) Operating Costs                                  | 9,200,000   | 85% of expendi-<br>tures paid until<br>June 30, 1994<br>and 75% of<br>expenditures paid<br>thereafter |
| (6) Refunding of<br>Project Prepara-<br>tion Advance | 1,100,000   | Amounts due pur-<br>suant to Section<br>2.02 (c) of this<br>Agreement                                 |
| (7) Unallocated                                      | 1,500,000   |   |
| TOTAL  | 18,300,000<br>=====   |   |

2. For the purposes of this Schedule, the term "Operating Costs" means incremental costs for research trials, office supplies, equipment, vehicle operating costs and travel allowances for extension staff.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made: (a) for expenditures prior to the date of this Agreement; and (b) out of the proceeds of the Credit allocated to Category (1) of paragraph 1 above, until a satisfactory plan with a bill of quantities and cost estimates for construction and rehabilitation works, is submitted to the Association.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are: (i) to improve the effectiveness of agricultural extension; (ii) to improve the linkage between agricultural research and extension; (iii) to provide support to village associations; and (iv) to provide functional literacy and numeracy training to farmers.

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: Providing adequate human and physical resources at the local, regional and national levels to insure an efficient organization of extension services.
- Part B: Instructing staff at all levels by a system of periodical training, including courses held abroad or conducted by external instructors.
- Part C: Strengthening the linkage between the extension services and the national and regional research services through about 30 field trials in each of the Borrower's administrative regions.
- Part D: Strengthening the relations among cropfarming, livestock and environment services so as to ensure effective extension support for the agricultural, livestock and forestry development programs.
- Part E: Promoting functional literacy and numeracy training of farmers and promoting participation of women in an active role in rural development programs.

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The Project is expected to be completed by March 31, 1995.

## 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 goods shall be grouped into bid packages estimated to cost the equivalent of \$100,000 or more.

##### 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 Borrower's territory 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 and goods which cannot be grouped or groups of goods estimated to cost the equivalent of \$100,000 or less per contract, up to an aggregate amount equivalent to \$600,000, in the case of goods, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Goods or groups of goods estimated to cost the equivalent of \$30,000 or less per contract, up to an aggregate amount equivalent to \$300,000, may 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. (a) With respect to each contract for civil works or goods 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 subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.

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), (2), (4) and (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 CFAF 250,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

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

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

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

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

