

CONFORMED COPY

CREDIT NUMBER 3083-ZIM

Development Credit Agreement

(Park Rehabilitation and Conservation Project)

between

REPUBLIC OF ZIMBABWE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 25, 1998

CREDIT NUMBER 3083-ZIM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 25, 1998, between REPUBLIC OF ZIMBABWE (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 April 21, 1998, from the Borrower describing a program of actions, objectives and policies designed to strengthen its capacity to maintain and develop its national parks, and protect wildlife populations and their habitats (the Program), and declaring the Borrower's commitment to the execution of the Program;

(C) by agreement of even date herewith (the GEF Grant Agreement), the Bank acting as an implementing agency of the Global Environment Facility (GEF) has agreed to make a grant to the Borrower in an aggregate principal amount equivalent to SDR 3,700,000 to assist in financing part of the Project on the terms and conditions set forth in the GEF Grant Agreement; 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, as amended through December 2, 1997, (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) "DNPWLM" means the Department of National Parks and Wild Life Management of MMET, as hereinafter defined;

(b) "Environmental Management Plan" means an environmental management plan referred to in paragraph 3 of Schedule 4 to this Agreement;

(c) "Fund" means the Parks and Wild Life Conservation Fund, a fund established by the Borrower in January 1996, and existing and operating according to the Fund Constitution, as hereinafter defined;

(d) "Fund Constitution" means the constitution of the Parks and Wild Life Conservation Fund, adopted by the Borrower's Ministry of Finance, pursuant to Section 30 of the Audit and Exchequer Act (Chapter 168), as amended pursuant to Section 6.01 (c) of this Agreement;

(e) "MLGNH" means the Borrower's Ministry of Local Government and National Housing;

(f) "MMET" means the Borrower's Ministry of Mines, Environment and Tourism;

(g) "MRRWD" means the Borrower's Ministry of Rural Resources and Water Development;

(h) "Planning Unit" means the Planning Unit of DNPWLM;

(i) "Project Implementation Plan" means the Project Implementation Plan adopted by the Borrower pursuant to Section 6.01 (a) of this Agreement, and referred to in paragraph 2 (a) of Schedule 4 hereto, as same may be amended from time to time, and such term includes any schedules to the Project Implementation Plan;

(j) "National Parks" means the Borrower's designated national parks; namely, Chimanimani, Chizarira, Gonarezhou, Hwange, Kazuma Pan, Mana Pools, Matobo, Matusadona, Nyanga, Zambezi and Victoria Falls; and

(k) "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 the Development Credit Agreement, an amount in various currencies equivalent to forty six million three hundred

thousand Special Drawing Rights (SDR 46,300,000).

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 may, 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 and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be September 30, 2005, 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 canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and 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 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 May 1 and November 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) 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, 2008, and ending May 1, 2033. Each installment to and including the installment payable on May 1, 2018, shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; 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 repayment of installments under paragraph (a) above by (A) 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, and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above 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.

(d) 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 MMET with due diligence and efficiency, and in conformity with appropriate administrative, financial, engineering and technical practices, and with due regard to ecological and environmental factors, 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 and the respective Environmental Management Plan.

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. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association and furnish to Association, not later than six (6) months after the Closing Date, or such later date as may be agreed for this purpose between the Borrower and the Association, a plan for the future operation of the Project; and

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

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall establish and maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures for and in connection with the carrying out of the Project.

(b) The Borrower shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section, and the records and accounts for the Special Account for each fiscal year audited, in accordance with auditing standards acceptable to the Association 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 copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such financial statements, records and accounts and a 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 such records and accounts and the audit thereof, and concerning said auditors, as the Association may 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 separate 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 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 each 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 take steps to ensure that DNPWLM shall:

(a) not later than September 30 of each year, prepare and submit to the Association, for review and comments

- (i) its annual business plan established on a rolling basis to achieve the five-year business and financial objectives of

DNPWLM, including financial targets, proposed tariff increases, capital investment program and financing, a forecast of profitability, and the projected balance sheet, and

- (ii) an annual work program, including information on (A) measures to strengthen management capacity, along with details on implementation of the training program, (B) measures to improve financial management and accounting systems, (C) tariff adjustments and measures to increase revenue collection, (D) procurement plans, (E) specific financial and conservation goals for each park, and (F) allocation of surpluses and financing of anticipated deficits; and

(b) proceed thereafter to implement such business plan and such work program, taking into account such comments as may have been made thereon by the Association.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out;

(b) the Fund Constitution shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations arising under this Agreement; and

(c) (i) subject to subparagraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of the GEF Grant shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(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 (h) of the General Conditions, the following additional event is specified: namely, any event specified in paragraph (b) of Section 5.01 of this Agreement shall occur.

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) the Project Implementation Plan has been duly approved by the Association, and adopted by the Borrower;

(b) the Borrower has appointed a suitably qualified and experienced official to be the Chief Finance Officer of DNPWLM;

(c) a revised Fund Constitution, acceptable to the Association, and providing for a clear, coherent and authoritative governance and oversight structure in respect of the Fund, shall have been adopted;

(d) the Borrower has implemented measures, acceptable to the Association, pertaining to the financial management of the Fund and listed in paragraph 6 of Schedule 4 to this Agreement;

(e) the Borrower has taken appropriate steps to transfer control to DNPWLM over water supply assets of the Water Department of MRRWD, and housing and building assets of MLGNH, located in the National Parks, and owned and operated by the Water Department of MRRWD and MLGNH, respectively; and

(f) the procurement plans referred to in Part D.1 of Section I, and Part D.1 of Section II, of Schedule 3 to this Agreement have been furnished to, and 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

Representative of the Borrower; Addresses

Section 7.01. The Minister of 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:

The Senior Secretary
Ministry of Finance
Private Bag 7705
Causeway, Harare
Zimbabwe

Cable address:

MINFIN
Harare

Telex:

22141 ZW
Zimbabwe

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:

248423 (MCI) or
64145 (MCI)

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 ZIMBABWE

By /s/ Amos Midzi

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo

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	32,200,000	100% of foreign expenditures and 80% of local expenditures
(2) Vehicles, goods and materials	3,300,000	100% of foreign expenditures and 80% of local expenditures
(3) Consultants' services and training:		100%
(a) under Part A of the Project	3,400,000	
(b) under Part B of the Project	2,800,000	
(4) Unallocated	4,600,000	
TOTAL	46,300,000	

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, and

(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.

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.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for works under contracts not exceeding \$500,000 equivalent, goods and consultants' services (firms) under contracts not exceeding \$100,000 equivalent, consultants' services (individuals) under contracts not exceeding \$50,000 equivalent, and training, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to enhance the Borrower's ability to protect wildlife populations and their habitats, and develop the parks and wildlife sector, by rehabilitating or improving essential elements of infrastructure, and strengthening the institutional capacity of agencies responsible for ensuring the sustainability of investments, formulating policy and implementing wildlife programs.

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: Institutional Strengthening

1. Provision of technical advisory services, and acquisition of materials and equipment, to assist in the review, formulation and communication of policies linked to the proposed transition of DNPWLM from its current status as a line agency to that of a body operating along commercial lines.

2. Provision of technical advisory services, and acquisition of materials and equipment, to assist in organizational development of DNPWLM, including strengthening of the decision-making process, and management and oversight functions, support for the development of a modern, service-oriented, professional and technically-proficient organization operating along sound commercial lines, review of decentralization options, assessment of skills and training needs, and establishment of a performance and evaluation system.

3. Provision of technical advisory services, and acquisition of materials and equipment, to assist in the development and implementation of financial management and management information systems for the Fund, including computerization of accounting functions, decentralization of accounting and computerization to the provincial and station levels, development of internal control systems, determination of accounting policies, production of a procedures manual, determination of the cost and revenue structure of parks and stations, and the pricing structure of the parks estate, valuation of assets and

business planning linked to the park planning process.

4. Provision of technical advisory services, and acquisition of materials and equipment, to assist in the preparation of an overall strategic plan for the parks and wildlife estate, including a proposed strategy on issues pertaining to the entire system of protected areas, and a guide for management planning in individual parks.

5. Provision of technical advisory services, and acquisition of materials and equipment, to assist in strengthening of park planning processes within DNPWLM, preparation of management plans for National Parks, and preparation of a practical planning manual.

6. Provision of technical advisory services, and acquisition of materials and equipment, to support development of park planning capacity.

7. Provision of technical advisory services, and acquisition of materials and equipment, to support monitoring programs and applied research pertaining to protected area management and biodiversity conservation.

8. Provision of technical advisory services, and acquisition of materials and equipment, to support strengthening of interpretation programs for the benefit of visitors to the National Parks, and education and awareness programs for the benefit of the local public.

9. Implementation of a comprehensive training program, including carrying out of a training needs assessment, regular in-service training in core substantive and skills areas, and training in park planning for the benefit of the Planning Unit of DNPWLM and National Parks staff.

Part B: Infrastructure

Rehabilitation or improvement of elements of the infrastructure of National Parks, which are essential to the efficient management of the National Parks for wildlife and habitat conservation and for sustainable commercial development, including:

(a) rehabilitation and construction of roads, water and electricity supply systems, communications, and other elements of National Parks infrastructure critical for National Parks functioning and tourism access;

(b) acquisition of tractor-based plant and equipment for road maintenance;

(c) improvement of existing housing facilities and provision of additional housing facilities for staff to replace existing sub-standard accommodation;

(d) provision of improved National Parks administrative facilities, including office space, and acquisition of equipment; and

(e) acquisition of vehicles and other equipment needed for improved National Parks management and anti-poaching operations.

Part C: Gonarezhou National Park

Strengthening of biodiversity conservation in Gonarezhou National Park and the nearby South East Lowveld, through interventions in the parks and in areas

adjacent to the parks, including:

(a) rehabilitation and improvement of essential infrastructure in the park, and implementation of the park management plan;

(b) establishment of a consultative process to involve local communities and other relevant stakeholders in park planning and management and in promoting conservation opportunities outside park boundaries;

(c) provision of grants to support community-based activities outside the park to promote or develop sustainable wildlife utilization and other forms of land use that are compatible with biodiversity conservation; and

(d) provision of technical advisory services, and acquisition of materials and equipment, to support monitoring and applied research programs, as well as interpretation, and education and awareness programs.

* * *

The Project is expected to be completed by March 31, 2005.

SCHEDULE 3

Procurement

Section I. Procurement of Goods and Works

Part A: General

Goods and works 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, and revised in January and August 1996, and September 1997 (the Guidelines), and the following provisions of this Section.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works 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 and works 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 \$500,000 equivalent or more each.

(b) Notification and Advertising

The invitation to bid for each contract estimated to cost \$10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$1,000,000 equivalent, and works estimated to cost less than \$1,000,000 equivalent per contract, up to an aggregate amount not to exceed \$29,000,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International Shopping

Goods estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. National Shopping

Goods estimated to cost less than \$10,000 equivalent per contract 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.

4. Procurement of Small Works

Works estimated to cost less than \$50,000 equivalent per contract, up to an amount not to exceed \$2,000,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

5. Force Account

Works under Part B of the Project, which meet the requirements of paragraph 3.8 of the Guidelines, and costing \$300,000 equivalent or less in the aggregate, may, with the Association's prior agreement, be carried out by force account in accordance with the provisions of said paragraph of the Guidelines.

Part D: Review by the Association 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 Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for works estimated to cost the equivalent of \$500,000 or more, or goods estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 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

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Individual Consultants.

Services for institutional strengthening initiatives under Part A of the Project, up to an aggregate amount not to exceed \$2,500,000 equivalent, may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

2. Single Source Selection

Services for technical assistance under the Project, estimated to cost less than \$100,000 equivalent per contract, in the case of consulting firms, and \$50,000 equivalent per contract, in the case of individual consultants, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such

selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

3. Post Review

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

SCHEDULE 4

Implementation Program

1. (a) The Borrower shall appoint the members of the project implementation team (PIT) located in the Planning Unit, and comprising a project coordinator, an engineer, a planner and an accountant, to be responsible for day-to-day management of the activities of the Project.

(b) Subject to the oversight functions and policy guidance of MMET, PIT shall be responsible for: (i) coordination of procurement and disbursement activities, and audits under Article IV of this Agreement, and preparation of annual and quarterly progress reports, and work plans and training programs, under the Project; and (ii) monitoring of the achievement of objectives of the Project, and evaluation of the impact of the activities thereof.

(c) The Borrower shall ensure that the higher level positions of PIT, which are referred to in subparagraph (a) of this paragraph, shall be kept filled at all times by appropriate officials, having qualifications, experience and terms of reference which shall have been communicated to, and deemed acceptable by, the Association.

2. The Borrower shall:

(a) prepare and transmit to the Association a Project Implementation Plan, acceptable to the Association, giving details of all procurement and disbursement arrangements, performance indicators and other administrative, financial and organizational arrangements, as shall have been agreed with the Association for purposes of the Project; and

(b) carry out the Project in accordance with procedures set out in the

Project Implementation Plan and, except as the Association shall otherwise agree, shall not amend or waive any provision thereof, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

3. Based on the environmental impact analysis of the Project, the Borrower shall prepare an environmental management plan, acceptable to the Association, in respect of each of the National Parks, giving details of measures needed to address, prevent or mitigate any adverse environmental impact of investments under the Project

4. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with performance indicators referred to in paragraph 2 (a) of this Schedule, the carrying out of the Project and the achievement of the objectives thereof;

(b) not later than November 30 of each year, undertake, in conjunction with the Association, a joint annual review of the Project or, in the case of the review to be undertaken not later than November 30, 2001, a midterm review, during which they shall exchange views generally on all matters relating to the progress of the Project and the performance by the Borrower of its obligations under this Agreement, including

(i) the progress achieved by the Borrower in the implementation of the Project, having regard to the performance indicators referred to in paragraph 2 (a) of this Schedule,

(ii) a review of the proposed work plans and budget for the forthcoming fiscal year, and

(iii) a review of the impact of the Project;

(c) not later than one month prior to each review, furnish to the Association, for its comments, a report, in such detail as the Association shall reasonably request, on the progress and status of the Project, and giving details, of the various matters to be discussed at such review; and

(d) following each review, undertake to act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement, or cause to be implemented, such other measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

5. The Borrower shall take steps to ensure that DNPWLM shall:

(a) not later than March 30, 1999, commission a pricing study to determine an appropriate structure for its tariffs and fees and, based on the results thereof, (i) prepare and submit to the Borrower and the Association, not later than September 30, 1999, for review and comments, a proposed pricing structure, including provision for the adoption of tariff and fee increases sufficient to meet its financial objectives as specified in the annual corporate plan referred to in Section 4.02 of this Agreement, and (ii) proceed thereafter to implement such pricing structure, taking into account such comments as may have been made thereon by the Association; and

(b) not later than June 30, 2000, have in place, for purposes of Part A.3 of the Project, adequate financial management systems and decentralized commercial accounting systems.

6. Pending completion of the execution of Part A.3 of the Project, the Borrower shall take a series of measures relating to the financial management of the Fund, and designed to improve internal controls, and the quality and timeliness of financial information, including:

(a) filling of clerical posts, as needed, at park level to allow the transfer of cash and collection functions from officials with no financial background to accounting clerks;

(b) filling of the following positions at the headquarters of DNPWLM, a chief accountant, an accountant (revenue) and an accountant (expenditure);

(c) implementation of a training program in business planning, reporting and monitoring for the benefit of park wardens;

(d) implementation of a computer training program for accounting staff at the headquarters of DNPWLM;

(e) development of basic financial reporting and monitoring system for DNPWLM;

(f) acquisition of a server and network cables to expand the current capacity of the computing capability of the headquarters of DNPWLM; and

(g) development of a review process covering budgets and tariffs.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (3) 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 \$3,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$2,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 20,000,000.

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 deposit into the Special Account of an amount or amounts 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;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, minus the total amount of all outstanding special commitments 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 paragraph 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.

