

CONFORMED COPY

CREDIT NUMBER 3363 NIR

Development Credit Agreement

(Agro-Pastoral Export Promotion Project)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 15, 2000

CREDIT NUMBER 3363 NIR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 15, 2000, between REPUBLIC OF NIGER (the Borrower) and 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 February 29, 2000, from the Borrower describing a program of actions, objectives and policies designed to enhance its agricultural sector (the Program) and declaring the Borrower's commitment to the execution of the Program; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999) (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) "Beneficiary" means the recipient of a Grant for the purposes of financing a Subproject (as hereinafter defined) pursuant to a Subproject Grant Agreement (as hereinafter defined);

(b) "UGP" means "Unité de Gestion de Projet", the project management unit in MDR (as hereinafter defined), established pursuant to Arrêté No. 022/MDR/DEP, dated Aril 3, 2000;

(c) "CSO" means "Comité de Suivi et d'Orientation", the Borrower's Project Steering Committee, established pursuant to Arrêté No.: 018/MDR/DEP, dated March 30, 2000;

(d) "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;

(e) "FCFA" means "Franc de la Communauté Financière Africaine, the currency of the Borrower;

(f) "Grant" means a grant made, or proposed to be made, by the Borrower to a Beneficiary (as hereinafter defined) for the implementation of a Subproject (as hereinafter defined) pursuant to the conditions set forth in paragraphs 6, 7 and 8 of Annex 4 to this Agreement;

(g) "IAPSO" means the Inter-Agency Procurement Services Offices of the United Nations Development Program;

(h) "MDR" means Ministère du Développement Rural, the Borrower's Ministry of Agricultural Development;

(i) "Project Management Report" means each report prepared in accordance with Section 4.03 of this Agreement;

(j) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on March 3, 1999, and on behalf of the Borrower on March 17, 1999;

(k) "Project Account" means the account referred to in Section 3.04 (a) of this Agreement;

(l) "Project Implementation Manual" and "PIM" mean the "Manuel de Procédures" referred to in Section 6.01 (e) of this Agreement containing, inter alia, procedures to be used for the purpose of implementing the Project, including eligibility criteria for the distribution of Grants and monitoring and performance indicators, as the same may be amended from time to time with the approval of the Association, and such term includes any schedules to said Project

Implementation Manual;

(m) "Special Account" means the accounts referred to in Part B of Schedule 1 to this Agreement;

(n) "Subproject" means any one of the activities under Part C. of the Project; and

(o) "Subsidiary Grant Agreement" means the agreement concluded between the Borrower and a Beneficiary for the purpose of partially financing a Subproject.

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 seven million seven hundred thousand Special Drawing Rights (SDR 7,700,000).

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: (i) amounts paid (or, if the Association shall so agree, amounts to be paid) on account of withdrawals made for the purposes of a Grant to meet the reasonable cost of works, goods and services required for a Subproject pursuant to Part C of the Project in respect of which the withdrawal from the Credit Account is requested; and (ii) expenditures made (or if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for Parts A, B and D of the Project and to be financed out of the proceeds of the Credit.

(b) 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 canceled.

Section 2.03. The Closing Date shall be October 31, 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 June 15 and December 15 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 semiannual installments payable on each June 15 and December 15 commencing June 15, 2010 and ending December 15, 2039. Each installment to and including the installment payable on December 15, 2019 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 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 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. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, technical and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of

this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement;

Section 3.02. Except as the Association shall otherwise agree, procurement of the works, goods 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 the 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 strategy for the implementation of the Project objectives; and

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

Section 3.04. Without limitation upon the provisions of paragraph (a) of Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain an account (the Project Account) in a commercial bank on terms and conditions satisfactory to the Association;

(b) promptly thereafter, deposit into the Project Account an amount equivalent to \$15,000 to finance the Borrower's contribution to the Project;

(c) deposit into the Project Account, by March 30, June 15, September 15 and December 15 in each year during Project implementation, such amounts as shall be required to timely replenish the Project Account back to the amount of the initial deposit referred to in paragraph (b) above; and

(d) ensure that the funds deposited into the Project Account in accordance with paragraphs (a) and (b) of this Section shall be used exclusively to finance expenditures under the Project other than those financed from the proceeds of the Credit.

ARTICLE IV

Financial and Other Covenants

Section 4.01. (a) The Borrower shall 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 related to the Project, including those reflecting the Grants.

(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 statements, records and accounts and 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 Project Management Reports, or 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 Project Management Reports or statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. The Borrower shall, by or before September 30 of each calendar year from the Effective Date until the furnishing of the first Project Management Report, have its internal financial control system and the management supervision of said system audited by the auditors referred to in Section 4.01 (b) of this Agreement and address any deficiencies indicated in said audits with due diligence.

Section 4.03. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01, in order to enable the Borrower, not later than eighteen months after the Effective Date, or such later date as the Association shall agree, to prepare quarterly Project management reports, acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;

(ii) (A) describes physical progress in Project

implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and

(iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section 4.03, the Borrower shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association no later than 45 days after the end of each calendar quarter a Project Management Report for such period.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional event is specified, namely, that a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

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:

The Borrower has:

(a) established the Project Account and deposited therein the initial deposit referred to in Section 3.04 (b) of this Agreement;

(b) appointed the auditor referred to in Section 4.01 (b) of this Agreement, for the purposes of said Section, in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(c) appointed the project management team of UGP in accordance with the provisions of paragraph 3 (a) of Schedule 4 to this Agreement and of Section II of Schedule 3 to this Agreement;

(d) appointed the members of CSO in accordance with the provisions of paragraph 4 (a) of Schedule 4 to this Agreement;

(e) established a computerized accounting and financial management system in UGP, acceptable to the Association; and

(f) adopted the PIM, in form and substance acceptable to 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 the Borrower at the time responsible for planning 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:

Ministre du Plan
Ministère du Plan
BP 862
Niamey
Republic of Niger

Facsimile:	Cable address:	Telex:	
735983	MINIPLAN Niamey	5463 NI	(227)

For the Association:

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

Facsimile:	Cable address:	Telex:	
477-6391	INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Maradi, Republic of Niger, as of the day and year first above written.

REPUBLIC OF NIGER

By /s/ Wassalké Boukary
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Shengman Zhang
Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

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) Grants for Subprojects under Part C of the Project disbursed	3,000,000	100% of amount
(2) Works of local expenditures	30,000	100% of foreign expenditures and 70%
(3) Goods of local expenditures	190,000	100% of foreign expenditures and 70%
(4) Consultants' services and audits	2,490,000	100%
(5) Training	660,000	100%
(6) Operating costs	210,000	95%
(7) Refunding of Project Preparation of Advance	370,000	Amount due pursuant to Section 2.02 (b) of this Agreement
(8) Unallocated	760,000	
TOTAL	7,700,000	

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;

(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; provided however, that, if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(c) the term "operating costs" means the incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, administrative support, communication and utility services, travel and supervision costs but excluding salaries of officials of the Borrower's civil service.

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 goods under contracts costing less than \$100,000 equivalent each, for works under contracts costing less than \$50,000 each, and for expenditures for services under contracts with firms costing less than \$100,000 or with individuals costing less than \$50,000 equivalent each; all under such terms and conditions as the Association shall specify by notice to the Borrower.

B. Special Account

1. The Borrower shall, for the purposes of the Project, open and maintain in FCFA a special deposit account in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment.

2. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into said Special Account shall be made as follows:

(a) until the Association shall have received: (i) the first Project Management Report referred to in Section 4.03 (b) of this Agreement; and (ii) a request from the Borrower for withdrawal on the basis of Project Management Reports, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) upon receipt by the Association of a Project Management Report pursuant to Section 4.03 (b) of this Agreement, accompanied by a request from the Borrower for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule. 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.

4. For the purposes of this Schedule, the term "eligible Categories" means Categories 1, 2, 3, 4, 5 and 6 set forth in the table in paragraph 1 of this Schedule 1.

5. Notwithstanding the provisions of Part B 2. of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if the Association determines at any time that: (i) any deficiencies indicated in any audit report referred to in Section 4.02 of this Agreement have not been corrected promptly and with due diligence; and (ii) any Project Management Report does not adequately provide the information required pursuant to Section 4.03 of this Agreement;

(b) if the Association determines at any time that all further withdrawals should be made by the Borrower directly from the Credit Account; or

(c) 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 (A) the records and accounts for the Special Account or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

6. The Association shall not be required to make further deposits into

the Special Account in accordance with the provisions of Part B 2. of this Schedule 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 Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

7. (a) If the Association determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or 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. 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 determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, 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 sub-paragraph (a), (b) or (c) of this paragraph 7 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

Annex A to SCHEDULE 1

Operation of Special Account When Withdrawals Are Not Made On the Basis of Project Management Reports

1. For the purposes of this Annex:

the term "Authorized Allocation" means an amount of FCFA 350,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount of FCFA 175,000,000 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 equal or exceed the equivalent of SDR 4,000,000.

2. Withdrawals of the Special Account's Authorized Allocation and subsequent withdrawals to replenish said Special Account shall be made as follows:

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

(b) For replenishment of said Special Account, the Borrower shall furnish to the Association requests for deposit into said Special Account at such intervals as the Association shall specify. 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 Part B.3 of Schedule 1 to this Agreement 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 said 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 said Special Account for Eligible Expenditures. Each such deposit into said Special Account shall be withdrawn by the Association from the Credit Account under one or more of said Special Account's Eligible Categories.

3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of said Special Account's Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit 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 said Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

Annex B to SCHEDULE 1

Operation of Special Account When Withdrawals Are Made On the Basis of Project Management Reports

1. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of said Special Account's Eligible Categories.

2. Each application for withdrawal from the Credit Account for deposit into the Special Account shall be supported by a Project Management Report.

3. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the Special Account, shall not exceed the amount of FCFA 700,000,000.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist producers and exporters of agro-pastoral products grown or produced, as the case may be, in the territory of the Borrower, to efficiently supply the agro-pastoral export market and adapt favorably to market changes.

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: Information Services and Trade Promotion

1. Trade promotion

Identification of potential buyers of selected agro-pastoral products and supply of product samples and other relevant data to said buyers, through the provision of technical advisory services and training to selected agro-pastoral producers and exporters, and the carrying out of study tours, trade exhibitions and information, education and communication campaigns.

2. Market information system

(a) Identification of new markets for selected agro-pastoral products, and constraints to satisfy said markets pertaining to, inter alia, transportation, technology, quality control, processing or management, as the case may be; and

(b) elaboration of recommendations to overcome said constraints, through the provision of technical advisory services and training to selected agro-pastoral producers and exporters, carrying out of workshops, study tours and of information, education and communication campaigns.

3. Product Quality Enhancement

(a) Establishment of product identification criteria, such as product brands, logos, labels and specific packaging materials for selected agro-pastoral products;

(b) quality control standards and methods to assure the maintenance of high product quality, and

(c) research to improve quality of export products to meet market standards, through the provision of technical advisory services and training to selected agro-pastoral producers and exporters, and the carrying out of study tours, trade exhibitions and information, education and communication campaigns

4. Livestock Census

Census of the camels, cattle, goats and sheep in the territory of the Borrower to improve the effective use of these assets considering the fragile environment, through the provision of technical advisory services.

5. Export and Financing Procedures

Facilitating access to export markets and financial services for selected agro-pastoral product exporters through the provision of technical advisory services and training to selected agro-pastoral producers and exporters, the carrying out of study tours, and information, education and communication campaigns.

Part B: Institutional Support to Agricultural Producer and Exporter Organizations

1. Capacity - building

Strengthening of, inter alia, the administrative, organizational, accounting and financial expertise, communication and coordination skills and proficiency in the identification, research and retrieval of relevant business information, and credit access, for selected agro-pastoral producers and exporters through the provision of technical advisory

services and training.

2. Service Provision

Provision of information pertaining to quality enhancement of selected products to agro-pastoral producers and exporters through the provision of technical advisory services, the supply of, inter alia, printed material, news releases, radio and television bulletins and the carrying out of information, education and communication campaigns.

Part C: Export Promotion Subprojects

Provision of Grants to selected agro-pastoral producers and exporters for the carrying out of Subprojects pertaining to:

1. the strengthening of the quantity and quality of agro-pastoral exports, including, inter alia, activities relating to:

(a) improvement of agricultural production through, inter alia: (i) rehabilitation or construction of irrigation infrastructure and water harvesting structures; (ii) soil fertility preservation and enhancement; and (iii) improved agro-pastoral production techniques;

(b) improvement of agro-pastoral product storage through rehabilitation or construction of storage and processing facilities;

(c) improvement of accessibility to agro-pastoral production sites through rehabilitation and construction of rural roads;

(d) improvement of agricultural marketing capacity through the creation of rural market infrastructure;

(e) improvement of livestock quality through, inter alia, (i) livestock fattening and (ii) development of farmer-herder interactive livestock-raising methods; and

(f) improvement of product quality through innovations in, inter alia, packaging, sorting, grading, inspection, testing and certification.

2. Strengthening of the managerial capacity of agro-pastoral producer and exporter organizations in, inter alia: (i) accounting; (ii) organizational logistics and product planning; (iii) financial planning and access to credit; (iv) technological expertise and equipment selection; (v) identification of export markets, (vi) attendance at expositions and (vii) development of product promotion and transformation strategies.

Part D: Project Management and Supervision

Administration, coordination, monitoring, supervision and evaluation of Project implementation through the provision of technical assistance services and training programs for selected staff in UGP, the acquisition of goods and the rehabilitation of office space through the carrying out of works.

* * *

The Project is expected to be completed by April 30, 2005.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Works and Goods

Part A: General

Works and 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 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the provisions of the following Parts of this Section I.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, works and 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.

1. Preference for domestically manufactured goods

The provisions of paragraph 2.55 and 2.56 of the guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

2. Grouping of contracts

To the extent practicable, contracts for goods for Parts A, B and D of the Project, shall be grouped into bid packages estimated to cost \$100,000 equivalent or more each.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Works under Parts C.1 and D of the Project, estimated to cost less than \$50,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Goods, other than vehicles, estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$250,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

3. National Shopping

(a) Works estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$50,000 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.

(b) Goods, other than vehicles, estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$50,000 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.

4. Contracts for small civil works estimated to cost less than US\$20,000 each, up to an aggregate amount of US\$50,000, would be procured under lump-sum, fixed price contract awarded on the basis of written solicitation issued to at least three qualified civil works contractors, following evaluation of bids received in writing from such qualified contractors. The award would be made to the contractor with the lowest price quotation for the required works.

5. Procurement through International Agencies

Vehicles may be procured from IAPSO.

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 goods estimated to cost the equivalent of \$50,000 or more, under Parts B. and C. of this Schedule, 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

1. Consultants' services shall be procured in accordance with (a) 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 and January 1999, (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

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 \$50,000 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. Least cost Selection

Services for audits under Article IV of this Agreement and other services of standard nature, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Single Source Selection

Services for the provision of training which are estimated to cost less than \$25,000 equivalent per contract for individual consultants, and estimated to cost less than \$50,000 equivalent per contract for consultant firms, 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.

3. Individual Consultants

Services for individual consultants: (a) meeting the requirements set forth in paragraph 5.1 of the Consultant Guidelines, and (b) employed under contracts concluded with UGP, shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 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 \$50,000 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 individual consultants estimated to cost the equivalent of \$25,000 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 the said approval shall have been given.

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 Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

A. General

1. The Borrower shall implement the Project in accordance with the procedures, guidelines, timetables and criteria set forth in the Project Implementation Manual and, except as the Association shall otherwise agree, the Borrower shall not amend, or waive any provision thereof if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.

B. Coordination, Management and Supervision

2. The Borrower shall

(a) maintain policies and procedures adequate to enable it to monitor and evaluate through UGP, on an ongoing basis, in accordance with

the indicators set forth in the Project Implementation Manual and summarized in Schedule 5 to this Agreement, the carrying out of the Project and the achievement of the objectives hereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, quarterly until the completion of the Project, for the first time by June 30, 2001, or such other date as the Association shall agree, until the time the Association shall receive the Project Management Reports referred to in Section 4.03 (b) of this Agreement, for its review and comments, a report integrating the results of the monitoring and evaluation activities performed pursuant to subparagraph (a) of this paragraph 2, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date;

(c) review with the Association, within four weeks following the submission of the report referred to in subparagraph (b) of this paragraph, said report, and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Association's views on the matter.

3. The Borrower shall,

appoint within UGP the following management team with qualifications and experience, satisfactory to the Association, with qualified support staff in sufficient numbers, and maintain said management team until the Completion Date: (i) the Project Coordinator, (ii) an administrative and financial management specialist; (iii) an internal auditor; (iv) a procurement specialist; (v) a monitoring and evaluation specialist; (vi) a marketing specialist; (vii) an information systems specialist; (viii) a communication-outreach specialist; (ix) a producer organization specialist; (x) a project analyst; (xi) a Project representative based in Tahoua; and (xii) a Project representative based in Maradi. The UGP shall be responsible for the overall implementation, day-to-day operation and supervision of Project activities.

4. The Borrower shall:

(a) appoint to CSO, under the chairmanship of its Minister for Rural Development: (i) up to eight representatives of the private sector and (ii) representatives of the following ministries: (A) ministry in charge of planning; (B) ministry in charge of rural development; (C) ministry in charge of animal resources; (D) ministry in charge of commerce; (E) ministry in charge of small and medium enterprises; (F) ministry in charge of finance and (D) ministry of commerce. The CSO shall be responsible for: (i) policy overview of Project activities, (ii) annual budget approval and control of budget expenditures relative to budget plans, and (iii) approval of Grants. The CSO shall meet at least bi-monthly; and

(b) maintain CSO with members as set forth in paragraph 4 (a) of this Schedule 4 until Completion Date.

C. Annual Reviews and Mid-Term Review

5. The Borrower shall:

(a) by December 31 of each year, commencing December 31, 2001 or such later date as the Association may agree, carry out jointly with the Association an annual review of the Project (Annual Review). The Borrower shall invite the members of CSO to participate and take all actions it considers necessary to ensure the participation of representatives of agro-pastoral producers and exporters in such Annual Review. Such Annual Review shall cover the progress achieved in the execution of the Project

including, inter alia, a review of: (i) the proposed work programs and related budgets to be carried out during the following year, (ii) approved Grants and pending Grant applications; (iii) the environmental component of monitoring reports; and (iv) the distribution of Subprojects by geographic area and commodity.

(b) Promptly following said Annual Review, the Borrower shall carry out, through UGP, said work programs in accordance with the modalities and procedures approved by the Association and in accordance with the PIM.

(c) By June 30, 2002, or such other date as the Association shall agree upon, carry out jointly with the Association, a mid-term review (Midterm Review). The Borrower shall invite the members of CSO to participate, and take all actions it considers necessary to ensure the participation of representatives of agro-pastoral producers and exporters in such Midterm Review. Such Midterm Review shall cover the progress achieved in the implementation of the Project and, more specifically, the feasibility of transferring trusteeship over the Project to a private sector entity such as a chamber of commerce.

(d) No later than one month prior to the Midterm Review, the Borrower shall furnish to the Association, for its review and comments, a report, in such detail as the Association shall reasonably request, on the implementation of the Project.

(e) Following such Midterm Review, the Borrower shall act promptly and diligently in order to take any corrective action deemed necessary by the Association to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may have been agreed upon between the Borrower and the Association in furtherance of the objectives of the Project.

D. Eligibility Criteria for Subprojects

6. General

(a) The Borrower shall make the proceeds of the Credit allocated from time to time to Category (1) of the table sets forth in paragraph 1 of Schedule 1 to this Agreement available to Beneficiaries under a Subsidiary Grant Agreement to be entered into, respectively, between the Borrower and each Beneficiary pursuant to the terms and conditions set forth in paragraph 9 of this Schedule 4;

(b) without limitation upon the provisions of paragraph 1 of this Schedule, no Subproject shall be eligible for financing out of the proceeds of the Credit unless UGP has determined, upon appraisal of a feasibility-study supported Grant application, conducted in accordance with the guidelines set forth in the PIM, that the Subproject and the Beneficiary satisfy the respective eligibility criteria specified in said PIM, including the criteria indicated in paragraphs 7. and 8. of this Schedule 4, that a Subsidiary Grant Agreement has been executed pursuant to the requirements set forth in paragraph 9 of this Schedule 4 and CSO has formally approved the Grant application for the partial financing of said Subproject.

7. Eligibility Criteria for Subprojects

A Subproject shall not be eligible for financing out of the proceeds of the Credit unless:

(a) the Subproject enhances, directly or indirectly, the production and/or export, as the case may be, of agricultural produce grown in the territory of the Borrower;

(b) the Subproject enhances, directly or indirectly, the quality and/ or quantity, as the case may be, of livestock production in the

territory of the Borrower;

(c) the Subproject meets the economic, financial and environmental criteria set forth in the PIM; and

(d) total financing out of the proceeds of the Credit for any one Subproject required be not less than the equivalent of \$3,000 and not in excess of the equivalent of US\$75,000.

8. Eligibility Criteria of Beneficiaries

(a) The principal commercial activity of the Beneficiary is the production or marketing of agro-pastoral products within the territory of the Borrower and the Beneficiary holds rights to use land for said activity;

(b) the Beneficiary has not breached any clause under a former Subproject Agreement, if applicable.

9. Terms and Conditions for Subsidiary Grant Agreements

A Subproject financed by a Grant shall be carried out pursuant to a Subsidiary Grant Agreement, to be concluded between the Borrower and the Beneficiary - following the approval of the Subproject by CSO, in accordance with the provisions set forth in paragraphs 6, 7 and 8 of this Schedule 4 and in more detail in the PIM - providing for, inter alia, the following:

(a) the financing of the proposed Subproject is fully covered by the sum of the Grant and the Beneficiary's contribution;

(b) the obligation to contribute out of the Beneficiary's resources at least 20% in cash the projected Subproject investment costs;

(c) the obligation to carry out and maintain the Subproject in accordance with the PIM, with due diligence and efficiency and in accordance with appropriate technical, environmental, financial and commercial practices and to maintain adequate records in such form and detail as the Borrower may reasonably request;

(d) the obligation that: (i) goods and works to be financed out of the proceeds of the Credit for a Subproject shall be procured according to the provisions of Section I of Schedule 3 to this Agreement; and (ii) contracts for consultants' services to be financed out of the proceeds of the Credit for a Subproject shall be procured according to the provisions of Section II of Schedule 3 to this Agreement; and that such goods, works and consultants' services shall be used exclusively for the carrying out of the Subproject;

(e) the right to inspect, by the Borrower or the Association, or jointly with qualified representatives of the Association, or the Borrower, if the Association, or the Borrower, shall so request, the works, plans, studies and construction sites relevant to the Subproject, and any relevant documents;

(f) the right to appropriate remedies, acceptable to the Association, should the carrying out or the maintenance of the Subproject, as the case may be, not conform to the regulations set forth in the PIM and the Subsidiary Grant Agreement and thereby unfavorably influence the economic return of the Subproject; and

(g) the right to obtain all such information as the Borrower or the Association shall reasonably request, relating to the administration and financial condition of the Subproject.

10. The Borrower shall exercise its rights under the Subsidiary Grant

Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any provision thereof.

SCHEDULE 5

Implementation and Evaluation Indicators

Implementation and Evaluation Indicators:

Of the Development Objective:

- At least 80% of grant investments successfully meet market needs and collective needs of the organizations.
- At least 50% of external market trends recognized by project are taken into consideration by the organizations in their decision-making process.
- At least 20% reduction in marketing costs for project clients.

Of the outputs:

1. Trade Promotion and Information Services:

- Two-third of target export market receives the Project messages on "Niger product".
- 90% of persons receiving that message understand it correctly.
- Project web-site functioning.

2. Export Promotion Grant Facility.

- At least 75% of Subprojects have been implemented in accordance with the covenants of the Subsidiary Grant Agreements.

