

CONFORMED COPY

CREDIT NUMBER 2990 TO

Development Credit Agreement

(National Agricultural Services Support Project)

between

REPUBLIC OF TOGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 14, 1997

CREDIT NO 2990 TO

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated October 14, 1997, between THE REPUBLIC OF TOGO (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 November 22, 1996, from the Borrower, describing a program of actions, objectives and policies designed to strengthen the agricultural sector of the Borrower's economy (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, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

- (a) The last sentence of Section 3.02 is deleted.
- (b) The second sentence of Section 5.01 is modified to read:
"Except as the Association and the Borrower shall otherwise agree,

no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

(c) Section 6.03 is modified to read:

" Section 6.03. Cancellation by the Association. If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) at any time, the Association determines, after consultation with the Borrower, that an amount of the Association will not be required to finance the Project's cost to be financed out of the proceeds of the Credit, or (c) at any time the Association determines, with respect to any contract to be financed out of the proceeds of the Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Association to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (d) at any time, the Association determines that the procurement of any contract to be financed out of the proceeds of the Credit is inconsistent with the procedures set forth or referred to in the Development Credit Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (e) after the Closing Date, an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Credit shall be canceled."

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) "Project Year" and "PY" mean the twelve-month period beginning from the Effective Date and ending twelve months thereafter (the First Project Year), and any twelve-month period beginning at the end of the First Project Year, or the end of subsequent Project Years;

(b) "ICAT" means the Institut de Conseil et d'Appui Technique, established and operating pursuant to Borrower's Décret No. 97-106/PR of July 23, 1997;

(c) "ITRA" means the Institut Togolais de Recherche Agricole, established and operating pursuant to the Borrower's Décret No. 97-105/PR of July 23, 1997;

(d) "TOGOGRAIN" means Société Nationale de Stockage des Céréales, established and operating pursuant to the laws of the Borrower;

(e) "SAFICC" means Structure d'Appui à la Filière Café-Cacao, a public entity established and operating pursuant to the laws of the Borrower;

(f) "Special Account" means each of the accounts referred to in Section 2.02 (b) of this Agreement;

(g) "Project Implementation Plan" means the plan described in the Borrower's letter dated May 20, 1997, specifying, inter alia, procedures and other arrangements agreed upon between the Borrower and the Association for the purpose of the implementation of the Project;

(h) "OPEA" means the organisations professionnelles économiques agricoles, established and operating under the laws of the Borrower;

(i) "SOCODEVI" means Société de Coopération et de Développement

Internationale, a non governmental organization established and operating under the laws of the Borrower;

(j) "SYNORSEC" means Synergie Nord-Sud pour l'Epargne et le Crédit, a non governmental organization established and operating under the laws of the Borrower;

(k) "FUCEC" means Fédération des Unions des Coopératives d'Epargne et de Crédit, a non governmental organization established and operating under the laws of the Borrower;

(l) "Savings and Loans Organization" means a village credit association, a credit union or a peasant association, or any other entity engaged in lending activities to small farmers;

(m) "CCS" means Comité de Concertation et de Suivi, established and operating pursuant to the Borrower's Arrêté Interministeriel of January 31, 1995;

(n) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated September 12, 1994, May 19, 1995 and March 26, 1996 between the Borrower and the Association;

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

(p) "ICAT Multi-year Program Agreement" means the agreement between the Borrower and ICAT referred to in Section 3.01 (c) of this Agreement, as the same shall be amended from time to time;

(q) "ITRA Multi-year Program Agreement" means the agreement between the Borrower and ITRA referred to in Section 3.01 (d) of this Agreement, as the same shall be amended from time to time; and

(r) "MAEP" means the Borrower's Ministère de l'Agriculture, de l'Elevage et de la Pêche.

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 nineteen million two hundred thousand Special Drawing Rights (SDR 19,200,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of works, 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 Part A of the Project, open and maintain in CFAF a special deposit account (Special Account A), for the purposes of Part B of the Project, open and maintain in CFAF a special deposit account (Special Account B), and for the purposes of Parts C and D of the Project open and maintain in CFAF a special deposit account (Special Account C) all in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against setoff, seizure or attachment. Deposits into, and payments out of each Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be March 31, 2003, 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 or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on March 15 and September 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 March 15 and September 15 commencing September 15, 2007 and ending March 15, 2037. Each installment to and including the installment payable on March 15, 2017 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 (6) 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:

(i) shall cause ICAT and ITRA, respectively, to carry out Parts A and Part B, respectively, of the Project with due diligence and efficiency and in conformity with appropriate managerial, technical, agricultural, and environmental practices, shall take, or cause to be taken, all action, including the provision of funds, facilities, services and other resources necessary, or appropriate, to enable ICAT and ITRA, respectively, to carry out Part A and B, respectively, of the Project, and shall not take, or permit to be taken, any action which would prevent, or interfere with, the carrying out of Parts A and B, respectively, of the Project by ICAT and ITRA, respectively; and

(ii) shall carry out Parts C and D of the Project with due diligence and efficiency and in conformity with appropriate managerial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for Parts C and D of 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 cause ICAT and ITRA to carry out Parts A and B, respectively, of the Project, and shall carry out Parts C and D, all in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall make the proceeds of the Credit allocated from time to time to Categories 1 (a), 2 (a), 3 (c), 4 (a), and 5 (a) of the table in paragraph 1 of Schedule 1 to this Agreement for Part A of the Project available to ICAT, under an agreement to be entered into between the Borrower and ICAT, under terms and conditions which shall have been approved by the Association.

(d) The Borrower shall make the proceeds of the Credit allocated from time to time to Categories 1 (b), 2 (b), 3 (b), 4 (b) and 5 (b) of the table in paragraph 1 of Schedule 1 to this Agreement for Part B of the Project available to ITRA under an agreement to be entered into between the Borrower and ITRA, under terms and conditions which shall have been approved by the Association.

(e) The Borrower shall exercise its rights under the ICAT Multi-year Program Agreement and the ITRA Multi-year Program Agreement in such a 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 ICAT Multi-year Program Agreement, the ITRA Multi-year Program Agreement, or any provision thereof.

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 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 designed to ensure the continued achievement of the Project's 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 Section 3.01 of this Agreement, the Borrower shall:

(a) (i) cause ICAT to open, and maintain for the duration of the Project implementation, an account (the ICAT Account) in a commercial bank acceptable to the Association and on terms and conditions satisfactory to the Association; and

(ii) make available to ICAT, under terms and conditions acceptable to the Association, an initial amount equivalent to CFAF 490 million, and thereafter, at quarterly intervals, make available to ICAT such amounts as shall be agreed upon between the Borrower and the Association;

(b) (i) cause ITRA to open, and maintain for the duration of the Project implementation, an account (the ITRA Account) in a commercial bank acceptable to the Association and on terms and conditions satisfactory to the Association; and

(ii) make available to ITRA, under terms and conditions acceptable to the Association, an initial amount equivalent to CFAF 350 million, and thereafter, at quarterly intervals, make available to ITRA such amounts as shall be agreed upon between the Borrower and the Association; and

(c) ensure that funds made available to ICAT and ITRA, respectively, in accordance with paragraphs (a) and (b) above shall be used exclusively to finance the Borrower's contribution to the financing of expenditures under the Project other than those financed from the proceeds of the Credit.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Project of ICAT, ITRA and other departments and agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

(b) The Borrower shall, and shall cause ICAT and ITRA, to:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six (6) months after the end of each such year, a certified copy of the report of such audit by said

auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain, or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

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

ARTICLE V

Other Covenants

Section 5.01. The Borrower shall cause ICAT and ITRA:

(a) to take out and maintain with responsible insurers, or to make other provisions satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;

(b) to carry on their operations and conduct their affairs in accordance with sound administrative and financial practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and

(c) at all times to operate and to maintain their facilities, equipment and other property, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound technical and financial practices.

ARTICLE VI

Remedies of the Association

Section 6.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

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

(b) The Borrower's instruments establishing ICAT and ITRA shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of ICAT or ITRA to perform any of their obligations under the ICAT Multi-year Program Agreement and the ITRA Multi-year Program Agreement, respectively;

(c) As a result of events which have occurred after the date of this Agreement, a situation shall have arisen which shall make it improbable that ICAT or

ITRA will be able to carry out Parts A and B, respectively, of the Project; and

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of ICAT, ITRA, or the suspension of their operations.

Section 6.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified, namely that any event specified in paragraphs (b) and (d) of Section 6.01 of this Agreement shall occur.

ARTICLE VII

Effective Date; Termination

Section 7.01. 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) (i) ICAT and ITRA have been established with terms of reference, organization, financial structure, management and staffing acceptable to the Association; and (ii) the boards of directors of ICAT and ITRA, respectively, have held their first meeting;

(b) the ICAT Multi-year Program Agreement and the ITRA Multi-year Program Agreement have been duly executed by the Borrower and ICAT and ITRA, respectively;

(c) (i) MAEP has been restructured in accordance with terms of reference acceptable to the Association, and (ii) MAEP's staff not retained for employment in either ICAT, ITRA or the restructured MAEP, have received severance payments in accordance with the relevant laws of the Borrower; and

(d) The Borrower has made available to ICAT and ITRA, respectively, the initial amounts referred in subparagraphs (a) (ii) and (b) (ii) of Section 3.04 of this Agreement.

Section 7.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely that the ICAT Multi-year Program Agreement and the ITRA Multi-year Program Agreement have been duly authorized or ratified by the Borrower, ICAT, and ITRA, respectively, and are legally binding upon the Borrower and ICAT and ITRA, respectively, in accordance with their terms.

Section 7.03. 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 VIII

Representative of the Borrower; Addresses

Section 8.01. The Minister responsible for Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministre de l'Economie et des Finances
B.P. 387
Lomé
Republic of Togo

Cable address:

Telex:

MINFIE

5286

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

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 TOGO

By /s/ Kossivi Osseyi

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) Works		55% of foreign expenditures and 45% of local expenditures
(a) under Part A of the Project	600,000	
(b) under Part B of the Project	500,000	
(c) under Parts C and D of the Project	1,300,000	
(2) Equipment		60% of foreign expenditures and

		45% of local expenditures
	(a) under Part A of the Project	650,000
	(b) under Part B of the Project	950,000
	(c) under Parts C and D of the Project	300,000
(3)	Vehicles	75% of foreign expenditures and 70% of local expenditures
	(a) under Part A of the Project	1,900,000
	(b) under Part B of the Project	800,000
	(c) under Parts C and D of the Project	1,700,000
(4)	Consultants' services and Training	60%
	(a) under Part A of the Project	650,000
	(b) under Part B of the Project	650,000
	(c) under Parts C and D of the Project	1,750,000
(5)	Operating Costs	70% until July 1, 2000 and 35% thereafter.
	(a) under Part A of the Project	1,700,000
	(b) under Part B of the Project	1,700,000
	(c) under Parts C and D of the Project	1,200,000
(6)	Refunding of Project Preparation Advance	1,100,000
		Amounts due pursuant to Section 2.02 (c) of this Agreement
(7)	Unallocated	1,750,000
	TOTAL	<u>19,200,000</u> =====

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 the goods and 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 incremental Project-related costs on account of vehicle and equipment operations and maintenance, communications (phone, fax, mail), office supplies acquisition, office rent and utilities payment, and local staff travel allowances (per diem).

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 and works under contracts not exceeding \$100,000 equivalent, and for services: (i) for firms under contracts not exceeding \$100,000 equivalent, and (ii) for individual under contracts not exceeding \$50,000 equivalent, all 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 improve the living conditions of rural households by sustainably increasing agricultural productivity and production.

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: Agricultural Services

Strengthening the capacity of ICAT to provide agricultural extension and support services to farmers organizations operating in the territory of the Borrower, including its capacity to assist local media in disseminating agricultural information, through provision of technical advisory services, acquisition of equipment and training, and the carrying out of civil works.

Part B: Agricultural Research

Strengthening the capacity of ITRA in agricultural research through provision of technical advisory services, acquisition of equipment, and training, and the carrying out of civil works.

Part C: Pilot Rural Credit

Preparation and implementation of a pilot rural credit program aimed at supporting investment in agricultural activities in rural areas through provision of technical advisory services, training and acquisition of equipment to: (i) strengthen the coordination and management capacities of MAEP; and (ii) assist SYNORSEC, SOCODEVI and FUCEC, respectively, in setting up ten Savings and Loans Organizations in rural areas and in training staff of other non-governmental organizations involved in the provision of rural credit in the territory of the Borrower.

Part D: Institutional Support

1. Strengthening the capacities of MAEP in policy design, planning, programming and program evaluation, through provision of technical advisory services, training, and acquisition of equipment and vehicles, and the carrying out of civil works for the rehabilitation of its offices.

2. Preparation of an investment program in the rural areas of the Borrower's territory, through provision of technical advisory services.

* * *

The Project is expected to be completed by September 30, 2002.

SCHEDULE 3

Procurement and Consultants' Services

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, (the Guidelines) and the following provisions of this Section, as applicable.

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.

(a) Grouping of contracts

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

(b) Preference for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Works estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$2,500,000 equivalent, and goods estimated to cost less than \$150,000 equivalent per contract, up to an aggregate amount not to exceed \$2,400,000 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, and laboratory equipment required under Part A of the Project, up to an aggregate amount of \$350,000, 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 \$35,000 equivalent per contract, up to an aggregate amount of \$350,000, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Prior Review

(a) With respect to each contract for works or goods estimated to cost the equivalent of \$150,000 or more, the procedures set forth in paragraphs 2 and 3 of

Appendix 1 to the Guidelines shall apply.

(b) With respect to each of the first eight contracts for goods estimated to cost between \$30,000 and \$50,000 equivalent, the following procedures shall apply:

(i) prior to the selection of any supplier under shopping procedures the Borrower shall provide to the Association a report on the comparison and evaluation of quotations received;

(ii) prior to the execution of any contract procured under shopping procedures, the Borrower shall provide to the Association a copy of the specifications and the draft contract; and

(iii) in addition, the procedures set forth in paragraphs 2 (f) and 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

2. 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 (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 for the Project, estimated to cost less than \$20,000 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. Selection Under a Fixed Budget

Services for small contracts estimated to cost less than \$50,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services for contracts to be implemented estimated to cost less than \$20,000 equivalent per contract for individual consultants and \$50,000 equivalent per contract for consulting firms, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Single Source Selection

Services for technical and professional support under the Project, estimated to cost less than \$20,000 equivalent per contract for individual consultants and \$50,000 equivalent per contract for consulting 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.

4. Individual Consultants

Services for consultants and other contractual staff employed in Project implementation for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines may, with the Association's prior agreement, be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed annual 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 \$30,000 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 \$20,000 or more, but less than the equivalent of \$30,000, 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 \$10,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after said approval shall have been given. With respect to any such consultant contract estimated to cost less than the equivalent of \$10,000, terms of reference and terms of employment of the consultants shall be furnished to the Association for its review, promptly upon receipt, except for contracts under Parts D.1 and D.3 of the Agreement, for which such terms of reference and terms of employment shall be furnished to the Association for its information.

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.

SCHEDULE 4

Implementation Program

1. The Borrower shall cause ICAT to implement Part A of the Project, ITRA to implement Part B, in accordance with the ICAT and ITRA Multi-years Program Agreements, and shall implement Parts C and D through the Rural Credit Monitoring Unit of MAEP and the Secretary General of MAEP, respectively, all under the overall supervision of CCS.

2. Except as the Association shall otherwise agree, the Borrower shall: (i) carry out Parts C and D of the Project, and cause ICAT and ITRA, respectively, to carry out Parts A and B of the Project, all in accordance with the Project Implementation Plan, and (ii) not permit, the Project Implementation Plan, or any provision thereof, to be waived or abrogated in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.

3. The Borrower shall, and shall cause ICAT and ITRA to:

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

(b) furnish to the Association for its review and comments semiannual progress reports on the status of the implementation of the Project, including regular assessment the impact of the Project on quality of agricultural services, agricultural production and productivity, and farmers standard of living;

(c) not later than October 30 of each year, commencing on October 30, 1998, undertake, in conjunction with the Association and ICAT and ITRA, a joint annual review on all matters relating to the progress of the Project and, in particular, the progress achieved by the Borrower and ICAT and ITRA during the current fiscal year, having regard to the monitoring indicators referred to in subparagraph (a) of this paragraph;

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

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

(f) promptly after the Effective Date, take all measures necessary on its part to organize, in conjunction with the Association and ICAT and ITRA, a workshop for the launching of the Project implementation which shall cover, inter alia, disbursement and procurement procedures and detailed timetables for the implementation of the Project.

4. Midterm Review

(a) Not later than by the end of the third Project Year, the Borrower shall carry out jointly with the Association and ICAT and ITRA a midterm review of the progress made in carrying out the Project under terms of reference agreed with the Association.

(b) The Borrower shall, at least four weeks prior to the Midterm Review, furnish to the Association a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

(c) The Borrower shall, not later than four weeks after the Midterm Review, prepare an action program, acceptable to the Association, for further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program.

5. In accordance with the Project Implementation Plan, for the purposes of Part C (ii) of the Project, the Borrower shall enter into agreements with SOCODEVI, SYNORSEC and FUCEC, respectively, under terms and conditions satisfactory to the Association.

6. Not later than three months after the Effective date, the Borrower shall carry out, under terms of reference satisfactory to the Association, a base-line survey to develop methodologies, mechanisms and indicators to assess on continuous basis the impact of the Project on poor farmers.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1 (a), 2 (a), 3 (a), 4 (a), and 5 (a) with respect to Special Account A, Categories 1 (b), 2 (b), 3 (b), 4 (b), and 5 (b) with respect to Special Account B, and Categories 1 (c), 2 (c), 3 (c), 4 (c), and 5 (c) with respect to Special Account C, set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to CFAF 250 million in respect of the Special Account for Part A of the Project (Special Account A), an amount equivalent to CFAF 250 million in respect of the Special Account for Part B of the Project (Special Account B), and an amount equivalent to CFAF 250 million in respect of the Special Account for Parts C, and D thereof (Special Account C), to be withdrawn from the Credit Account and deposited into the Special Accounts 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 CFAF 175 million in respect of Special Account A, an amount equivalent to CFAF 175 million in respect of Special Account B, and an amount equivalent to CFAF 175 million in respect of Special Account C, 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 for the Project shall be equal to or exceed the equivalent of SDR 1,500,000.

2. Payments out of the respective 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 respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits into the respective Special Account of an amount 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 respective Special Account such amount or amounts as the Borrower shall have requested.

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

(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 respective 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 respective 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 respective 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 any 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 Accounts;

(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 for the respective Special Account minus the total amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective 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 any 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 respective 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 any 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 any 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 Accounts.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

