

CONFORMED COPY

LOAN NUMBER 3017 AL

(Desert Locust Control Project)

between

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated February 2, 1989

LOAN NUMBER 3017 AL

LOAN AGREEMENT

AGREEMENT, dated February 2, 1989, between DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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 Bank to assist in the financing of the Project; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan 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 Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the

following additional terms have the following meanings:

(a) "INPV" means the Borrower's National Institute for Plant Protection established and operating under the supervisory authority of the Borrower's Ministry of Agriculture pursuant to the Borrower's Order No. 75-11 dated February 27, 1975, as the same may be amended from time to time;

(b) "PCC" means the Central Command Post, the executing body of the Borrower's interministerial committee in charge of policy-making for locust control (CILA);

(c) "ONM" means the Borrower's National Meteorological Office, established and operating under the supervisory authority of the Borrower's Ministry of Transport pursuant to the Borrower's Order No. 75-25 dated April 29, 1975, as the same may be amended from time to time;

(d) "ASMIDAL" means the Borrower's National Fertilizer and Pesticides Marketing Board, established pursuant to the Borrower's Decree No. 84-238 dated September 1, 1984, as the same may be amended from time to time;

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

(f) "fiscal year" means the Borrower's fiscal year which runs from January 1 to December 31.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount in various currencies equivalent to fifty-eight million dollars (\$58,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in its central bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1991 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $3/4$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

(i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.

(iii) "Semester" means the first six months or the second six months of

a calendar year.

Section 2.06. Interest and other charges shall be payable semiannually on March 1 and September 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

### 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, economic, financial and technical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. For purposes of carrying out Part A of the Project the Borrower shall ensure that: (a) only pesticides approved for locust control by the Food and Agriculture Organization of the United Nations shall be used on the Borrower's territory; and (b) only those pesticides, referred to in paragraph (a) of this Section, which shall have been selected in accordance with guidelines satisfactory to the Bank, shall be used for spraying on food crops or in the vicinity of food crops.

Section 3.03. For purposes of preventing environmental pollution and pesticide leakage into groundwater, the Borrower shall: (a) develop pesticide effluent disposal mechanisms satisfactory to the Bank; and (b) take all measures necessary to ensure the implementation not later than March 31, 1989 of such mechanisms at all regional pesticide depots, airstrips and other places where pesticide washings may occur.

Section 3.04. For purposes of protecting natural habitat and wildlife, the Borrower shall: (a) develop and furnish to the Bank for the Bank's review and comments a program designed to limit to the fullest extent possible pesticide spraying in ecologically sensitive areas; and (b) take all measures necessary to ensure the implementation not later than March 31, 1989 of said program, taking into account the Bank's comments thereon.

Section 3.05. Except as the Bank shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

### ARTICLE IV

#### Financial Covenants

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

(b) The Borrower shall:

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

(ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

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

(c) For all expenditures with respect to which withdrawals from the Loan 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 Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank'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

##### Termination

Section 5.01. The date sixty (60) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VI

##### Representative of the Borrower; Addresses

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

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

For the Borrower:

Ministere des Finances  
Immeuble Mauretania  
Place du Perou  
Algiers  
Democratic and Popular  
Republic of Algeria

Cable address:

FINPLAN  
ALGER

Telex:

52062

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

440098 (ITT),  
248423 (RCA) or  
64145 (WUI)

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.

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

By /s/ Rabah Kerouaz

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Kemal Dervis

Acting Regional Vice President  
Europe, Middle East and North Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Pesticides	30,000,000	100% of foreign expenditures, 100% of local expenditures (ex- factory cost) and 50% of local expenditures for other items procured locally
(2) Aircraft and Ground Support Services	13,500,000	100% of foreign expenditures and 70% of local expenditures
(3) Vehicles and Spare Parts	4,000,000	100% of foreign expenditures
(4) Equipment	5,480,000	100% of foreign expenditures, 100% of local expenditures (ex- factory cost) and 60% of local expenditures for other items procured locally
(5) Consultants' Services	20,000	100%
(6) Unallocated	5,000,000	
TOTAL	58,000,000	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals in an aggregate amount not exceeding the equivalent of \$5,800,000, may be made in respect of Category (2) on account of payments made for expenditures before that date but after August 1, 1988.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to: (i) assist in carrying out the Borrower's locust control program; and (ii) reinforce permanent surveillance and warning systems to better predict locust activity and movement and facilitate planning and implementation of future locust control programs.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

#### Part A: Locust Control Campaigns

1. Carrying out of three locust control campaigns over the period October 1988 to January 1990 including:

(a) aerial spraying of approximately 4.5 million hectares of infested areas; and

(b) ground spraying of about 2 million hectares of infested areas.

2. Provision of pesticides required for the campaigns referred to in Part A (1) of this Schedule.

#### Part B: Strengthening the Borrower's Desert Locust Control Capabilities

1. Provision to INPV of: specialized heavy-duty 4-wheel drive vehicles required for locust treatment, including equipment required therefor; knapsack sprayers and related protective apparel; pumps; and camping equipment.

2. Provision to INPV of office equipment, microcomputers and related equipment to process locust-related information collected during the locust control campaigns.

#### Part C: Reinforcement of Comprehensive Surveillance and Warning Systems

1. Improvement of the existing telecommunications network through the provision of a radio network to link the PCC, the provincial locust control command posts and the mobile surveillance teams operating in the field.

2. Provision to INPV of prospection vehicles to assist in locust control activities and in monitoring potential risk areas.

3. Provision to ONM of meteorological equipment for about 9 fixed meteorological stations and of about 5 mobile stations to provide meteorological support for locust control activities in areas not served by fixed stations.

4. Provision of extension equipment to assist INPV and PCC in information dissemination.

#### Part D: Technical Assistance

Provision of technical assistance to strengthen the capabilities of INPV in locust control, including provision of training in safe and effective pesticide handling and application and in prospection methods.

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The Project is expected to be completed by December 31, 1990.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each March 1 and September 1 beginning September 1, 1994 through March 1, 2004	2,900,000

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\* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.20

More than three years but not more than six years before maturity	0.40
More than six years but not more than eleven years before maturity	0.73
More than eleven years but not more than thirteen years before maturity	0.87
More than thirteen years before maturity	1.00

#### SCHEDULE 4

##### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Aircraft and Ground Support Services

##### Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).
2. To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost the equivalent of \$1,000,000 or more each.
3. With respect to contracts for supply of pesticides under paragraph 1 above, suppliers shall be required to certify that the pesticides are to be formulated in accordance with guidelines acceptable to the Bank.

##### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Democratic and Popular Republic of Algeria may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

##### Part C: Other Procurement Procedures

1. Pesticides for the first locust control campaign (October 1988 - February 1989) costing in the aggregate up to the equivalent of \$10,000,000 may be purchased by INPV from ASMIDAL under negotiated contracts.
2. Pesticides and related goods which are of a propriety nature and which are available from only one source may be procured through negotiated contracts, subject to the Bank's approval of the product to be so procured and provided that the source of supply is eligible under the Guidelines and that the aggregate cost thereof shall not exceed the equivalent of US\$4,000,000.
3. Protective masks, minor spraying equipment, office equipment, microcomputers and related equipment, and extension equipment, estimated to cost less than the equivalent of \$200,000 per contract, up to an aggregate amount not to exceed the equivalent of \$3,000,000 may be procured under contracts awarded on the basis of comparison of price quotations solicited from at least three suppliers from at least three different countries eligible under the Guidelines, in accordance with procedures acceptable to the Bank.
4. Camping and minor equipment estimated to cost less than the equivalent of \$50,000 per contract, up to an aggregate amount not to exceed the equivalent of \$200,000 may be procured under contracts awarded on the basis of comparison of price quotations solicited from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.
5. Air services for the first locust control campaign (October 1988 - February 1989) costing in the aggregate up to the equivalent of \$8,250,000, and ground support services for aerial spraying, regardless of the cost thereof, shall be procured under



negotiated contracts with Air Algerie.

6. Contracts for aircraft services, other than those referred to in Part C.5 of Section I of this Schedule, shall be awarded on the basis of price quotations solicited from at least three suppliers from at least three different countries, eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract subject to the provisions of Part A.1 above, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract subject to the provisions of Part C.6 above, the Borrower shall furnish to the Bank, before a final award is made, the name of the supplier to which it intends to award the contract together with a report on the evaluation and comparison of the quotations received and the draft contract proposed to be executed with the selected supplier. The Borrower shall make such modifications in said draft contract as the Bank shall reasonably request.

(c) With respect to each contract not governed by paragraph (a), the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(d) The provisions of the preceding subparagraphs (a), (b) and (c) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c)(ii) of this Agreement.

2. The figure of 20% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in strengthening the capabilities of INPV in locust control, the Borrower shall employ environmental and entomologist consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan 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 \$6,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible

expenditures in accordance with the provisions of this Schedule.

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

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

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank 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 Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank 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 Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories less the amount of any outstanding special commitment entered into by the Bank 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 Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank 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 Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

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

