

CONFORMED COPY

LOAN NUMBER 4092 LE

GP Project Agreement

(Agriculture Infrastructure Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

GREEN PLAN

Dated December 5, 1996

LOAN NUMBER 4092 LE

GP PROJECT AGREEMENT

AGREEMENT, dated December 5, 1996, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and the Green Plan (GP).

WHEREAS (A) by the Loan Agreement of even date herewith between Lebanese Republic (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to thirty one million dollars (\$31,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that GP agree to undertake such obligations toward the Bank as are set forth in this Agreement;

(B) by a subsidiary loan agreement to be entered into between the Borrower and GP, the Borrower will make available as a grant to GP an amount equivalent to twenty eight million two hundred thousand dollars (\$28,200,000) out of the proceeds of the loan provided for under the Loan Agreement on the terms and conditions set forth in said Subsidiary Agreement; and

WHEREAS GP, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective

meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) GP declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out Part A of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and environmental practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Part A of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Bank and GP shall otherwise agree, GP shall carry out Part A of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for Part A of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. (a) GP shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of this Agreement and Part A of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, GP shall:

- (i) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Bank and GP, a plan for the future operation of Part A of the Project; and
- (ii) afford the Bank a reasonable opportunity to exchange views with GP on said plan.

Section 2.04. GP shall duly perform all its obligations under the GP Subsidiary Agreement. Except as the Bank shall otherwise agree, GP shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the GP Subsidiary Agreement or any provision thereof.

Section 2.05. (a) GP shall, at the request of the Bank, exchange views with the Bank with regard to progress of Part A of the Project, the performance of its obligations under this Agreement and under the GP Subsidiary Agreement, and other matters relating to the purposes of the Loan.

(b) GP shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of Part A of the Project, the accomplishment of the purposes of Loan, or the performance by GP of its obligations under this Agreement and under the GP Subsidiary Agreement.

ARTICLE III

Management and Operations of GP

Section 3.01. GP shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and environmental practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. GP shall take out and maintain with responsible

insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) GP shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) GP shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) 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 nine (9) months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) 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, accounts and financial statements as well as the audit thereof, as the Bank shall from time to time reasonably request.

ARTICLE V

Effective Date; Termination;
Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of GP thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify GP thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Bank:

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

United States of America

Cable address: Telex:
 INTBAFRAD 248423 (MCI) or
 Washington, D.C. 64145 (MCI)

For Green Plan:

Ramla Baidha
Beirut,
Lebanese Republic

Fax:
961-1-867-456
961-1-301-700

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of GP, may be taken or executed by the President of the Executive Committee of GP or such other person or persons as the President shall designate in writing, and GP shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Inder Sud
Acting Regional Vice President
Middle East and North Africa

GREEN PLAN

By /s/ Samir Abou Jaoudih
Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I. Procurement of Good 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 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, 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 in bid packages estimated to cost \$150,000 equivalent or more each.

(b) Preference for domestically manufactured goods

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.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Except as otherwise provided in paragraph 5 of Part C of this Section, all works shall 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 \$150,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, 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 \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent aggregate, 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. Direct Contracting

Goods which should be procured under an extension of an existing contract or are of a proprietary nature and costing \$50,000 equivalent or less in the aggregate, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

5. Community Participation

Works for land terracing, the construction of hill ponds and small concrete basins up to a total aggregate amount not exceeding \$1,200,000, as well as seedlings and irrigation equipment may be procured by beneficiaries under GP's supervision and cost sharing arrangements, using GP established unit rates, and in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank 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 Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for works estimated to cost the equivalent of \$100,000 or more, for mechanized works for land and water development estimated to cost \$50,000 equivalent or more, and 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.

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

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions 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 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each; or (b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Bank review shall not apply to: (a) the terms of reference for such contracts; (b) single-source selection of consulting firms; (c) assignments of a critical nature, as reasonably determined by the Bank; (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above; or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

SCHEDULE 2

Implementation Program

A. Implementation Procedures

1. For the implementation of Part A of the Project, GP shall maintain its current operational procedures, including the requirements for receipt of requests for financial assistance from farmers to implement Sub-projects, appraisal of proposed Sub-projects, the conduct of feasibility and design studies in the case of agricultural roads, entering into cost-sharing arrangements with farmers through payment of cash or donation of land by farmers, the hiring and payment of contractors by GP to implement proposed Sub-projects as well as allowing farmers to initiate some works themselves.

2. Changes to the procedures referred to in Paragraph 1 above which would affect the implementation of the Project, shall be made only with the prior agreement of the Bank.

3. Under Part A (1) of the Project and in each case the GP resources assigned for a particular locality are insufficient to satisfy all the assistance requests from that locality, GP shall work with local committees in identifying the poor and targeting assistance to them.

B. Criteria for Sub-projects under Part A (1) of the Project

GP shall implement Part A (1) of the Project pursuant to the

following criteria:

1. Land terracing shall not be included in Sub-projects in areas where the slope is 40% or more and rockiness exceeds 60% of soil cover.
2. Beneficiaries shall undertake to complete remaining investments in Sub-projects not later than two years after completion of works.
3. Sub-projects shall not include: (a) land intended for urbanization or industrial development; and (b) national forests, protected biodiversity areas, and areas within 500 meters thereof.
4. Sub-projects shall have an internal rate of return of at least 12 percent, the internal rate of return being the discount rate used to discount future benefits and costs which makes the present value of benefits equal to the present value of costs.

C. Cost-Sharing Arrangements

GP undertakes to implement the cost-sharing arrangements referred to in Section 3.04 of the Loan Agreement with beneficiaries of Part A (1) of the Project.

D. Criteria for Sub-projects under Part A (2) of the Project

GP shall implement Part A (2) of the Project pursuant to the following criteria:

1. Sub-projects comprising agricultural roads shall be approved only where the land required for road construction has been provided voluntarily and without compensation by beneficiaries of Sub-projects.
2. Road studies shall include an environmental assessment and road design shall take into account, inter alia, the mitigation measures recommended therein.
3. Sub-projects shall have an internal rate of return, as defined in paragraph B (4) of this schedule, of at least 12 percent.

E. EIMC

GP shall maintain the EIMC with staff and resources acceptable to the Bank, to carry out environmental reviews, execute mitigatory measures, and monitor progress under Part A of the Project.

F. Semi-Annual Progress Reports

Without limitation to its obligation under Section 9.07. of the General Conditions, GP shall submit to the Bank for comment and review component-specific semi-annual progress reports in March and September of each year until completion of the Project, and shall take the Bank's comments thereon.

G. Annual Work Programs

1. GP shall, in September of each year, starting in 1997 and until completion of Part A of the Project, submit to the Bank for review and comments annual work programs under Part A (1) of the Project, and shall take into account the Bank's comments thereon.
2. GP shall, in March of each year, starting in 1998 and until the completion of Part A of the Project, submit to the Bank for review and comments annual work programs under Part A (2) of the Project, and shall take into account the Bank's comments thereon.

H Coordination

GP shall coordinate and consult with the relevant Ministries of the Borrower and local non-governmental organizations to insure the efficient implementation of Parts A (1) and (2) of the Project.

