

CONFORMED COPY

CREDIT NUMBER 2557 MLI

Development Credit Agreement  
(National Agricultural Research Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 11, 1994

CREDIT NUMBER 2557 MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated March 11, 1994, between REPUBLIC OF MALI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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;

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 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 and in the Preamble to this Agreement have the respective meanings therein set forth and

the following additional terms have the following meanings:

(a) "CNRA" means the Borrower's Comit National de la Recherche Agronomique established pursuant to Decree No. 93 384/P-RM of October 14, 1993;

(b) "IER" means the Borrower's Institut d'Economie Rurale, established pursuant to Law 93-066 of November 24, 1993, and pursuant to Decree 93-420/P-RM of November 24, 1993;

(c) "Strategic Plan" means the Borrower's Strategic Plan for National Agricultural Research adopted by the Borrower's Council of Ministers of December 4, 1991;

(d) "CPS" means Cellule de Planification Statistique within the Borrower's Ministry of Rural Development; (e) "Research Users" means the direct research beneficiaries such as farmers and agricultural products processors;

(f) "Project Preparation Advance" means the project preparation advances granted by the Association to the Borrower pursuant to exchange of letters dated January 15, 1992 and September 13, 1993 between the Borrower and the Association; and

(g) "Special Account" means the accounts referred to in Section 2.02 (b) of this Agreement.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to fourteen million two hundred thousand Special Drawing Rights (SDR 14,200,000).

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 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 shall, for the purposes of the Project, open and maintain in CFAF two special deposit accounts (special account A for CNRA and special account B for IER) in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the 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 cancelled.

Section 2.03. The Closing Date shall be December 31, 2001 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 cancelled; 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 percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on May 1 and November 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each May 1 and November 1 commencing May 1, 2004 and ending November 1, 2033. Each installment to, and including the installment payable on November 1, 2013, 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 gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; 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 terms of repayment of installments under paragraph (a) above by 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. If so requested by the Borrower, the Association may revise such modification 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.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through CNRA and IER with due diligence and efficiency and in conformity

with appropriate administrative, financial, and agricultural research practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project, through CNRA and IER, in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the 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. The Borrower shall, to the satisfaction of the Association:

(a) cause CNRA to: (i) submit to the Association for approval, not later than December 15 of each year, its research programs and annual budgets; (ii) implement external reviews of at least five IER's research programs per year, based on impact evaluations implemented jointly with the Borrower's extension services; and (iii) complete the first annual external reviews by June 30, 1997;

(b) ensure that as from December 31, 1997 all research activities carried out by IER are funded solely through contractual arrangements;

(c) furnish to the Association, not later than December 31, 1997 a revised National Strategic Plan for Agricultural Research approved by CNRA;

(d) cause IER to: (i) publish, not later than May 1995 its first annual highlights (annual report), and not later than December 31, 1996 an inventory and evaluation of past research results; (ii) issue, not later than May 31, 1996 a first working papers series; (iii) recruit no later than May 31, 1994 an experienced scientific editor; (iv) hire, not later than May 31, 1994 a specialized institution to design its integrated scientific documentation and information system; (v) implement a training program acceptable to the Association; and (vi) adopt, not later than June 30, 1995 a procurement manual acceptable to the Association;

(e) ensure that IER: (i) carries out seed production and other commercial activities only under contracts with beneficiaries and on the basis of full cost recovery including a reasonable share of indirect production costs and overheads; (ii) employs by the end of 1994 no more than 122 scientists, and limits recruitment of new scientists so that the total number of scientist does not exceed 140 by December 31, 2000; and (iii) by December 31, 1996 at the latest, employs only staff under contracts;

(f) (i) cause CNRA and IER to furnish to the Association six-monthly reports in such detail as the Association shall reasonably request, indicating, inter alia, the timing of procurement actions, the completion time for individual contracts, and the compliance with aggregate limits for methods of procurement; and (ii) after the first year of Project implementation, carry out with the Association an assessment of IER's handling of procurement under the Project;

(g) (i) cause CNRA and IER to establish, not later than September 30 of each year, their budget funding requirements for the Borrower's following fiscal year; (ii) confirm, not later than December 31 of each year, its commitment for budgetary funding of CNRA and IER during the following year; and (iii) deposit in advance its annual budgetary contribution, in quarterly tranches, into CNRA's and IER's accounts in a commercial bank acceptable to the Association; and

(h) (i) until December 31, 1997, channel its funding for agricultural research directly to IER, except for the funding of research contracts which shall be channeled through CNRA; and (ii) thereafter, all public funding for agricultural research shall be channeled through CNRA.

Section 3.04. The Borrower shall, for the purpose of carrying out the Project, cause CNRA and IER to employ and maintain key staff with qualifications, experience, terms and conditions of employment, all satisfactory to the Association.

Section 3.05. Without limitation upon the provisions of Section 9.01 of the General Conditions:

(a) The Borrower and the Association shall not later than December 31, 1997 conduct a midterm Project implementation review to: (i) monitor progress of Project implementation on the basis of the Implementation Progress Indicators referred to in paragraph 2 of Schedule 4 to this Agreement; (ii) review and update the Strategic Plan; and (iii) agree on a list of sub-stations to be closed and on a program for the rehabilitation of the sub-stations to be retained;

(b) Not later than six weeks prior to such review, the Borrower shall cause CNRA to prepare and furnish to the Association for its review and comments a report in such details as the Association shall reasonably request, including: (i) an evaluation of progress achieved in Project implementation; (ii) a draft action program for the completion of the Project; and (iii) draft of the updated Strategic Plan; and

(c) Promptly after completing the midterm review, carry out recommendations of the said review as agreed upon between the Borrower and the Association.

#### 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 Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified 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

##### Remedies of the Association

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

(a) 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 CNRA and/or IER will be able to perform their respective mandates;

(b) Decree No. 93-420/P-RM of November 24, 1993 and/or Law No. 93-066 P-RM of November 24, 1993, establishing IER, have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of CNRA or IER to perform any of their obligations under their respective mandates;

(c) the Borrower or any other authority having jurisdiction shall have taken any action for the disestablishment of CNRA and/or IER, or for the suspension of their operations;

(d) the Borrower or IER shall have failed to perform any of their respective obligations under the Performance Agreement under paragraph 2 of Schedule 4 to this Agreement; and

(e) the Performance Agreement shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the Project or the performance of IER of its obligations under the Performance Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) any event specified in paragraph (a) or (d) of Section 5.01 of this Agreement shall occur and shall continue for a period of thirty (30) days after notice thereof shall have been given by the Association to the Borrower; and

(b) any event specified in paragraphs (b), (c) or (e) of Section 5.01 of this Agreement shall occur.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement

within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower and IER have signed the performance agreement referred to in paragraph 1 of Schedule 4 to this Agreement;

(b) CNRA's Règlement Interieur, acceptable to the Association, has been approved by the Borrower;

(c) IER's director general, internal auditor, scientific director, financial resources director, technical support services director, and head of human resources unit; and CNRA's permanent secretary and financial officer, within CPS, all with terms of reference and qualifications acceptable to the Association, have been appointed;

(d) Research proposal presentation guidelines, acceptable to the Association, have been approved by CNRA, and a model contract for agricultural research has been submitted to the Association for its approval;

(e) the Borrower has completed, to the satisfaction of the Association, the revision of its research programs on: cattle, small ruminants, poultry, production systems, natural resource management, forestry and economics of commodity production, processing and marketing;

(f) The Borrower has: (i) recruited an auditing firm acceptable to the Association, to carry out the initial IER's audit, and annual IER's and CNRA's audits, (ii) presented IER's audited initial balance sheet, and (iii) furnished evidence satisfactory to the Association of the closure of experimental stations not included in the list in paragraph 3 of Schedule 4 to this Agreement;

(g) IER's Conseil d'Administration has adopted, after review by CNRA, the following internal manuals acceptable to the Association: (i) internal organization manual, (ii) personnel management manual, and (iii) accounting procedures manual; and

(h) (i) the Borrower has adopted a new system for the classification and remuneration of agricultural scientists, acceptable to the Association, and (ii) based on the results of an independent external evaluation, IER's Board of Directors has approved the classification under the new system of IER scientists or the reassignment of those who are not retained.

Section 6.02. 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 VII

##### Representatives of the Borrower; Addresses

Section 7.01. The Minister of Finance and Trade of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions.

For the Borrower:

Ministry of Finance and  
Trade  
P.O. Box 234  
Bamako, Mali

Telex:

2559

For the Association:

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

Cable address:

Telex:

INDEVAS  
Washington D.C.

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 MALI

By /s/ Siragatou Ibrahim Cisse  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Katherine Marshall  
Acting Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil Works:		100% of foreign expenditures and 95% of local expenditures
(a) under Part D.4 (a) (i) of the Project	2,480,000	
(b) under Part D.4 (a) (ii) of the Project	350,000	
(2) Vehicles, Equipment, and Materials:		100%
(a) for CNRA	70,000	
(b) for IER	3,290,000	
(3) Consultants Services:		100%



(a) for CNRA	850,000	
(b) for IER	850,000	
	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(4) Users Research Fund under Part B.2 of the Project	280,000	100%
(5) Research Contracts under Part C.1 of the Project	1,910,000	100%
(6) Operating Costs:		100%
(a) for CNRA	570,000	
(b) for IER	1,170,000	
(7) Refunding of Project Prepara- tion Advance	1,060,000	Amounts due pur- suant to Section 2.02 ( ) of this Agreement
(8) Unallocated	1,320,000	
TOTAL	14,200,000 =====	

2. For the purposes of this Schedule:

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

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which 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 terms "operating costs" means expenditures incremental to the Project for contractual staff, travel allowances, operating and maintenance costs of vehicles, equipment and buildings, utilities, telecommunications, insurance, office supplies, research and laboratory supplies.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; (b) expenditures made under Category (1), until IER has obtained title for the land required for the rehabilitation of the concerned experiment station and has sold excess land and buildings; (c) expenditures made under Category (1) (b), until (i) the midterm review referred in Section 3.05 (a), has agreed on a program for the rehabilitation of the concerned experiment sub-station; and (d) expenditures under Category (2) (b), until the Association has approved (i) an agricultural equipment profile for each of the experiment stations and sub-stations listed in paragraph 3 of Schedule 4 to this Agreement, (ii) a laboratory study, and (iii) a computerization plan.

## Description of the Project

The objective of the Project is to assist the Borrower in implementing the first six-year phase of its Strategic Plan aiming at improving the performance of the national agricultural research system in order to increase agricultural growth.

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

### Part A: Institutional Development

Support to the Borrower for: (a) the transformation of CNRA into an entity integrating Research Users; (b) the transformation of IER into an institution and its reorganization and strengthening; and (c) the regionalization of agricultural research to bring it closer to Research Users.

### Part B: Technology Transfer and User Participation

1. Improving and strengthening the interactions between research staff, Research Users and extension staff through, inter alia: (a) farmer participation in setting research objectives and evaluating its results, (b) the implementation of joint scientist-farmer-extension agent activities, (c) the introduction of participatory research methodologies on a systematic basis, including joint conduct and supervision of on-farm experimentation, (d) on-farm research for commodity scientists presently working solely on-station, (e) technical training of extension specialists and research scientists in communication techniques and team work, (f) training of extension specialists by research scientists in communication techniques and team work, (g) implementation of an incentive system that rewards scientists for work with farmers and extension agents and for publications intended for the latter, and (h) introduction of a joint research/extension impact evaluation system.

2. Establishment and operation of a pilot user research fund to finance research on topics selected by farmers or processors organizations.

### Part C: Research Program Implementation and Management

1. Support for the implementation of the research programs included in the Borrower's Strategic Plan.

2. Strengthening the Borrower's capacities in areas of programming, monitoring and evaluation through, inter alia: (i) setting up mechanisms and procedures to involve Research Users; (ii) training of scientists in proposal preparation, research methodology, design and statistical analysis, and participatory methodologies; and (iii) regular impact evaluations and external evaluations of research programs.

3. Strengthening of the Borrower's capacities in the areas of scientific information, publication and documentation, through, inter alia: (a) inventory and evaluation of past research results; (b) establishment within IER of a scientific information, publication and documentation unit, in charge of publishing IER's research highlights, annual reports, a working papers series, and brochures on specific themes for extension agents and policy-makers; and (c) development of IER's documentation system into an integrated scientific information system consisting of one center at IER's headquarters and secondary centers at its lead experiment stations.

4. Participation of the Borrower's research scientists in collaborative regional and international research programs.

### Part D: Resource Development and Management

1. Strengthening of experiment stations development and manage-

ment through, inter alia, training of experiment stations heads and farm managers.

2. Design and implementation of management information and accounting system for CNRA and IER.

3. Strengthening of human resources development and management through, inter alia, training of staff, short term technical assistance and partnership arrangements with foreign specialized institutions.

4. (a) Rehabilitation of: (i) IER headquarters, experiment stations and laboratories; and (ii) substations; and (b) renewal of research plants and equipment, including: acquisition of laboratory, agricultural and computing equipment, vehicles, and communication, publication and library equipment.

\* \* \*

The Project is expected to be completed by June 30, 2001.

### SCHEDULE 3

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

###### 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 1992 (the Guidelines), subject to the following modifications:

(a) For fixed-price contracts, the invitations to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of goods in accordance with Parts A and C.1 of this Schedule, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purpose of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

2. To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$200,000 or more.

3. For the purposes of the preshipment inspection of goods imported under the Project, no price verification shall be conducted in respect of goods to which Parts A and C.1 of this Schedule apply.

###### 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 Mali 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. Items, or groups of items, for specialized scientific and agricultural equipment estimated to cost the equivalent of up to an aggregate amount equivalent to \$1,000,000, may be procured under contracts awarded through limited international bidding procedures on the basis of evaluation and comparison of bids obtained from a list of qualified suppliers eligible under the Guidelines and acceptable to the Association and in accordance with procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55, 2.56 thereof).

2. Items, or groups of items, for civil works estimated to cost the equivalent of up to an aggregate amount equivalent to \$4,500,000 may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

3. Items, or groups of items, for minor spare parts and replacement of small quantities of vehicles and equipment, estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$300,000 may be procured either: (a) under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association; or (b) through the UNDP Inter-Agency Procurement Office.

#### Part D: Review by the Association of Procurement Decisions

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

(a) With respect to each contract for goods estimated to cost the equivalent of \$100,000 or more and each contract for works estimated to cost the equivalent of \$200,000, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. After the first year of Project implementation, and subject to the review by the Association of IER's ability to handle procurement satisfactorily, the above thresholds may be increased to \$200,000 and \$500,000, respectively. 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 Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, 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, such 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 Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

#### Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association 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. For complex, time-based assignments, the Borrower shall employ consultants under contracts using the standard form issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

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 contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior Bank review shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Bank or to amendments of contracts raising the contract value to \$100,000 or above.

#### SCHEDULE 4

##### Implementation Program

##### 1. Implementation.

(a) Under the authority of the Borrower's Minister responsible for rural development, CNRA will be the main body responsible for the preparation and the supervision of the execution of the Borrower's agricultural research policy. CNRA will also be responsible for the concertation and the coordination between all parties involved in agricultural research, including donors and Research Users. CNRA will be responsible for the administration of agricultural research conventions financed by the Borrower and participating donors. As from the fourth year of Project Implementation, all agricultural research programs financed by the Borrower and the Association will be executed under contractual arrangements. CNRA will review all research proposals and mandate independent financial and scientific audits of all research programs. The Borrower and IER will conclude a Performance Agreement, acceptable to the Association, for the implementation of the Borrower's Strategic Plan. The performance agreement will include, inter alia, the Implementation Progress Indicators listed in the following paragraph 2. The CPS will act as permanent secretary of CNRA.

(b) The Institut d'Economie Rurale (IER) will be the principal implementing agency responsible for carrying out the Project, including all procurement of works, goods and services.

##### 2. Implementation Progress Indicators.

- number of new technologies released for dissemination;
- progress made in the implementation of research contracting arrangements (percentage in terms of value of research activities implemented under contractual arrangements, and improvement in quality and relevance of research proposals (i.e number accepted as a percentage of number proposed);
- training received and delivered as compared to initial program;
- number of impact assessments and external reviews as compared to initial schedule;
- number of research contracts funded by the pilot User Research Fund (number and value as percentage of total initial fund);

- number of local working group meetings and number of monthly meetings with extension staff (subject matters specialists) attended;
  - implementation of research programming procedures (timeliness of meetings);
  - publication of the Annual Report (timeliness), number of scientific publications, and number of publications for extension services;
  - progress with the rehabilitation of research infrastructure (value completed as percentage of originally scheduled);
  - equipment procurement (value purchased as percentage of originally scheduled); and
  - progress with the consolidation of donors funding (percentage of total funds coordinated through CNRA as compared to aggregate funding available).
3. List of Stations and Substations under Part D(a)(i) and (ii) of the Project.
- Stations: Sotuba, Baguineda, Sikasso, N'Tarla, Niono, Cinzana, Mopti, and Sam ;
  - Substations: Katibougou, Tierouala, Kebila, Longorola, Finkolo-Farako, Kogoni, Koula, Baramandougou, Kopro, Segala, Bema, and Kita. SCHEDULE 5

#### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (2) (a), (3) (a), (4), (5), and (6) (a) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, for special account A, and Categories (1), (2) (b), (3) (b), and (6) (b) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, for special account B;

(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: (i) an amount equivalent to \$250,000 to be withdrawn from the Credit Account and deposited in the Special Account A pursuant to paragraph 3 (a) of this Schedule; and (ii) an amount equivalent to \$500,000 to be withdrawn from the Credit Account and deposited in the Special Account B 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 Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

- (b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.
- (ii) Prior to, or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

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

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the 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 Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

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

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

(d) Refunds to the Association made pursuant to 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.

