

CONFORMED COPY

CREDIT NUMBER 3621 NIR

Development Credit Agreement

(Private Irrigation Promotion Project)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 9, 2002

CREDIT NUMBER 3621 NIR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 9, 2002, between REPUBLIC OF NIGER (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement (the Project), has requested the

Association to assist in the financing of the Project;

(B) the Association has received a letter dated February 8, 2002 from the Borrower describing a program of actions, objectives and policies designed to enhance the carrying out of its irrigation development strategy (the Program), and declaring the Borrower's commitment to the execution of the Project;

(C) the Borrower intends to obtain from the Government of France a grant equivalent to one million U.S. dollars (US\$1,000,000) to assist in financing the Project on the terms and conditions set forth in an agreement to be entered into between the Borrower and the Government of France (the French Grant);

(D) the Project will be carried out by *Association Nigérienne de Promotion de l'Irrigation Privée* (hereinafter referred to as ANPIP) with the Borrower's assistance and, as part of such assistance, the Borrower will make the proceeds of the Credit available to ANPIP, as set forth in this Agreement; 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 and in the agreement of even date herewith between the Association and ANPIP (the Project Agreement);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999) (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "ANPIP" and "*Association Nigérienne pour la Promotion de l'Irrigation Privée*" mean the Niger Agency for Private Irrigation Promotion created pursuant to Arrêté 121/MI/DAPJ of July 12, 1993;

(b) "Beneficiary" means the recipient of a Grant for the purposes of financing a Subproject (as hereinafter defined) pursuant to a Subproject Agreement (as hereinafter defined);

(c) "CSO" means *Comité de Suivi et d'Orientation*, the Borrower's Project Steering Committee, established pursuant to Arrêté No.: 007/MDR/DEP, dated February 9, 2000;

(d) "EMP" means Environmental Management Plan referred to in Section 7.01 (b) (iii) of this Agreement;

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

(f) “Financial Monitoring Report” and “FMR” mean each report prepared in accordance with Section 4.02 of the Project Agreement;

(g) “Fiscal Year” means the fiscal year of the Borrower commencing January 1 and ending December 31 in the same calendar year;

(h) “Grant” means a grant made, or proposed to be made, by the Borrower to a Beneficiary through ANPIP for the implementation of a Subproject (as hereinafter defined) pursuant to the conditions set forth in Section II of Schedule 3 to this Agreement and Schedule 2 to the Project Agreement;

(i) “Input Suppliers” includes suppliers of, *inter alia*, irrigation equipment, irrigation equipment spare parts, equipment for the repair and maintenance of irrigation equipment, and producers of irrigation inputs;

(j) “MCPEC” means *Mouvement des caisses populaires d’épargne et de crédit*, the Borrower’s organization of savings and credit institutions, established pursuant to Arrêté 00026/MFRE/P/DGE/RDMCE/CSSFD dated June 14, 1999;

(k) “MDA” means *Ministère du Développement Agricole*, the Borrower’s Ministry responsible for Agricultural Development;

(l) “MFI” means Micro-Finance Institutions located within selected regions of the Borrower’s territory established and operating under the Laws of the Borrower;

(m) “MoEF means the Borrower’s Ministry responsible for Economy and Finance;

(n) “ONAHA” means *Office national des aménagements hydroagricoles*, the Borrower’s national office for irrigated perimeters established pursuant to Ordonnance 78-39 of December 26, 1978 and completed by Décret 78-154PCMS/MDR of December 28, 1978;

(o) “Project Implementation Manual” or “PIM” means the Project Implementation Manual (*Manuel de Procédure du Projet*) referred to in Section 7.01 (c) of this Agreement setting forth, *inter alia*, the administrative, financial and accounting procedures, the procurement and disbursement procedures, other arrangements governing the implementation of the Project and the terms, conditions, and procedures pertaining to Subprojects, as the same may be amended from time to time, and such term shall include any schedules, tables and annexes to the PIM;

(p) “PIU” means the Project Implementation Unit within ANPIP which shall be responsible for the implementation of the Project, established and operating pursuant to Arrêté 121/MI/DAPJ of July 12, 1993;

(q) “Producer Association” means an association of irrigation farmers and related activities, established and operating under the laws of the Borrower;

(r) “Project Account” means the account to be opened pursuant to Section 3.03 (a)

of this Agreement;

(s) “Project Agreement” means the agreement between the Association and ANPIP of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(t) “Project Preparation Advance” means the Project preparation advance granted by the Association to the Borrower pursuant to the Letter Agreement signed on behalf of the Association on February 5, 2002 and on behalf of the Borrower on February 6, 2002;

(u) “PSE” means a Public Service Entity involved in the implementation of the Borrower’s irrigation development strategy, including: CSO, MDA, *Institut national de recherches agronomiques du Niger*, the Borrower’s National Institute for Agricultural Research, ONAHA and decentralized government agencies, all as established and operating under the laws of the Borrower;

(v) “Special Account” means the account referred to in Section 2.02 (b) (i) of this Agreement;

(w) “Subproject” means specific activities carried out by a Beneficiary and financed or proposed to be financed through a Grant under Part C of the Project;

(x) “Subproject Agreement” means an agreement between ANPIP and a Beneficiary;

(y) “Subsidiary Finance Agreement” means the agreement to be entered into between the Borrower and ANPIP pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Finance Agreement;

(z) “Three ONAHA Perimeters” means the irrigation perimeters in the localities of Djirataoua, Konni and Galmi currently under the management of ONAHA and referred to in Part B 3. of Schedule 2 to this Agreement; and

(aa) “90-Day Advance Account” means any of the advance accounts referred to in Section 2.02 (b) (ii) 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 this Agreement, an amount in various currencies equivalent to thirty-one million three hundred thousand Special Drawing Rights (SDR 31,300,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project described in Schedule 2 to this Agreement (other than Part C of the Project) and to be financed out of the proceeds of the Credit; and (ii) amounts paid, (or if the

Association shall so agree, amounts to be paid) by ANPIP on account of withdrawals made for the benefit of a Beneficiary under a Grant to meet the reasonable costs of goods, works or services required for a Subproject to be financed under Part C of the Project, and in respect of which the withdrawal from the credit Account is requested.

(b) The Borrower shall, for the purposes of the Project, open and maintain in FCFA: (i) a special deposit account in the name of ANPIP; and (ii) 90-Day Advance Accounts in up to five regions (as the Borrower and the Association shall agree upon), all in commercial banks 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 and each respective 90-Day Advance Account shall be made in accordance with the provisions of Schedule 4 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 December 31, 2007 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

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

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

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

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay

the principal amount of the Credit in semiannual installments payable on each June 1 and December 1 commencing June 1, 2012 and ending December 1, 2041. Each installment to and including the installment payable on December 1, 2021, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) the Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall cause ANPIP to perform in accordance with the provisions of the Project Agreement all the obligations of ANPIP

therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable ANPIP to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make the proceeds of the Credit available to ANPIP under a Subsidiary Finance Agreement to be entered into between the Borrower and ANPIP, under terms and conditions which shall have been approved by the Association.

(c) The Borrower shall exercise its rights under the Subsidiary Finance Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Finance 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 1 to the Project Agreement.

Section 3.03. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower shall, for the purposes of making available its counterpart contribution to the financing of the Project:

(a) open and maintain, for the duration of the Project, an account (the Project Account) in the name of ANPIP in FCFA in a commercial bank on terms and conditions satisfactory to the Association;

(b) promptly thereafter, make a Deposit into the Project Account, in an amount equivalent to FCFA 50 million, to finance the Borrower's contribution to the Project;

(c) thereafter, at semiannual intervals, deposit into the Project Account such amounts as are estimated to be required for the ensuing six-month period and as shall be agreed upon between the Borrower and the Association; and

(d) ensure that amounts deposited into the Project Account shall be used exclusively to make payments to meet expenditures made or to be made in respect of the reasonable cost of goods, works and services for the Project in addition to those financed from the proceeds of the Credit or the Cofinancing Agreements.

Section 3.04. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by ANPIP pursuant to Section 2.03 of the Project Agreement.

Section 3.05 Pursuant to Sections 6.01 (a) and 6.02 (a) of this Agreement, the Borrower may, after consultations with the Association, remove all responsibility for project implementation from ANPIP in the event of ANPIP's failure to comply with any of the commitments set forth in this Agreement, the Project Agreement and the Subsidiary Financing

Agreement and thereupon entrust such responsibility with another private sector entity, without prejudice to this Agreement.

ARTICLE IV

Financial Covenant

Section 4.01. For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of Project Management Reports, or statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, a financial management system, including records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit for the Project performed with audit standards acceptable to the Association, consistently applied by independent auditors acceptable to the Association, and that the report of such audit contains a separate opinion by said auditors as to whether the Project Management Reports or statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Other Covenants

Section 5.01. The Borrower shall by a date not later than six (6) months after the Effective Date, appoint to CSO representatives of the private sector to constitute at least one third of the members of CSO.

Section 5.02. The Borrower shall, by November 30, 2002, appoint, in accordance with the provisions of Section II of Schedule 1 to the Project Agreement, the auditors referred to in Section 4.01 (b) of this Agreement.

ARTICLE VI

Remedies of the Association

Section 6.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) ANPIP shall have failed to perform any of its obligations under this Agreement or the Project Agreement.

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

(c) (i) Subject to subparagraph (ii) of this paragraph:

the right of the Borrower to withdraw the proceeds of any grant or loan, including the French Financing, made to the Borrower for the financing of the Project shall have been suspended, canceled, or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; or

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination, not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 6.02. (a) the event specified in paragraph (a) of Section 6.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Borrower.

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) the Subsidiary Finance Agreement has been executed on behalf of the Borrower and ANPIP, in form and substance satisfactory to the Association;

(b) the Borrower has :

(i) opened the Project Account pursuant to Section 3.03 (a) of this Agreement and has deposited therein the initial deposit referred to in

Section 3.03 (b) of this Agreement;

- (ii) adopted and furnished to the Association the PIM, in form and substance acceptable to the Association; and
- (iii) adopted and furnished to the Association the EMP in form and substance acceptable to the Association; and

(c) a PIU has been established within ANPIP and the following staff have been appointed to it in accordance with Section II of Schedule 1 to the Project Agreement: (i) the Director General, (ii) the administrative and financial management specialist, (iii) the irrigation financing specialist, (iv) the Producer Association specialist, and (v) the private irrigation development specialist.

Section 7.02. The following are specified as additional matters, 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:

(a) the Project Agreement has been duly authorized, executed and ratified and is legally binding upon ANPIP in accordance with its terms; and

(b) the Subsidiary Finance Agreement has been duly authorized or ratified and is legally binding upon the Borrower and ANPIP in accordance with its terms.

Section 7.03. The date one hundred and twenty (120) 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 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 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance and Economy
BP 389
Niamey
Republic of Niger

Facsimile:

(227) 73.59.34

For the Association:

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

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

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 NIGER

By /s/

Joseph Diatta
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

s/ Antoinette M. Sayeh
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:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil Works	150,000	70%
(2) Goods	550,000	100% of foreign expenditures and 70% of local expenditures
(3) Consultants' services	7,300,000	100%
(4) Grants for Subprojects	18,700,000	100% of amount of grants disbursed
(5) Operating Costs	1,150,000	85%
(6) Refunding of Project Preparation Advance	350,000	
(7) Unallocated	3,100,000	
TOTAL	31,300,000	

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

(c) the term “operating costs” means the incremental expenses incurred on account of implementation of the Project such as: audits, management, monitoring and supervision, including office supplies, administrative support, communication, insurance and utility services,

travel, vehicle operation and maintenance costs, rental expenses, and bank charges but excluding salaries of officials of the Borrower's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) goods, under contracts costing less than US\$100,000 equivalent each; (b) works, under contracts costing less than US\$100,000 equivalent each; and (c) consultant services, under contracts costing less than US\$100,000 equivalent each for consulting firms and less than US\$50,000 equivalent each for individual consultants, 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 assist the Borrower in improving the livelihood of private smallholder farmers through increasing their capacity to produce high value irrigated crops.

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: Irrigation and Agricultural Development

1. Enhancing the development of low cost irrigation technologies through: (a) dissemination of irrigation equipments and technologies to be used by farmers; (b) fostering the establishment of financial and technology services groups; (c) provision of technical advisory services for crop enhancement and (d) provision of technical support to selected farmers in preparation for their integration into Producer Associations, all through the provision of technical advisory services, applied research, equipment, and training of selected irrigation farmers.

2. Strengthening the productive capacity of selected irrigation farmers through: (a) development and dissemination of technology and provision of equipment for the improvement of, *inter alia*, collection of subterranean water, water pumping and water distribution; and (b) provision of technical advisory services and training to selected irrigation farmers on production, storage, preservation, processing and marketing of farm produce.

Part B: Institutional Capacity Building

1. ANPIP and Producers' Associations

Strengthening the organizational, professional, accounting, financial and coordination capacity of ANPIP and Producers' Associations with the aim of increasing their autonomy and sustainability through the provision of technical advisory services and training of selected staff.

2. Public Service Entities

Strengthening the technical, financial, administrative and management capacity of PSE's, through the provision of technical advisory services and training of selected PSE staff.

3. Private Water Management of ONAHA Perimeters

Transfer of the management of Three ONAHA Perimeters to the private sector to test the privatization of ONAHA perimeters, through the provision of legal and technical advisory services.

Part C: Subproject Grants

1. Establishment of a community irrigation investment fund for the provision of Grants to selected Producer Associations and Input Suppliers providing for, *inter alia*, support to activities related to: (a) micro-irrigation, (b) soil enhancement, and (c) improved irrigated crop efficiency.

2. (a) Establishment of a MFI fund for the purpose of, *inter alia*: (i) building additional management capacity within MFI's for the handling of members' savings and loans, (ii) facilitating the establishment of MFI's in selected irrigation regions of the Borrower, (iii) strengthening the capacity of selected MFI's to monitor and process Grants under the Project, and (iv) strengthening the capacity of MCPEC;

(b) Provision of Grants through MFI to selected Beneficiaries providing for, *inter alia*, support to activities related to: (i) micro-irrigation, (ii) soil enhancement, and (iii) improved irrigated crop efficiency.

Part D: Environmental Protection

Mitigation of environmental risks stemming from the development of smallholder irrigation through the carrying out of studies and provision of technical advisory services and training to selected irrigation farmers and Producer Associations.

Part E: Project Management

Provision of technical assistance and training to selected staff of ANPIP's PIU for the efficient administration, coordination, monitoring, supervision and evaluation of Project activities.

The Project is expected to be completed by June 30, 2007.

SCHEDULE 3

Implementation Program

Section I: Institutional Framework

1. CSO

For the purpose of coordination and general oversight of the Project, the Borrower shall maintain, until the Closing Date, CSO in a form and with functions, staffing and resources satisfactory to the Association. CSO shall remain composed, *inter alia*, of representatives of PSE's and Producer Associations with at least one third representation from the private sector and shall be headed by a Chairman who shall report directly to the Minister responsible for Agricultural Development. CSO shall be responsible for, *inter alia*: (a) carrying out annual reviews of proposals, work plans and budgets made by ANPIP's PIU and ensuring their consistency with the Program; (b) receiving from ANPIP's PIU, reviewing and approving applications for Subproject Grants above the threshold amount of FCFA 10 million under Part C of the Project; (c) reviewing the progress made or being made towards achieving the Project's objectives; (d) proposing recommendations for the removal of barriers to the achievement of the Project's objectives, if any; (e) coordinating and participating in Project supervision missions; and (f) preparing reports and reviews together with ANPIP's PIU for the benefit of the Association as provided for under Section III of Schedule 3 to this Agreement.

Section II: Reports and Reviews

1. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 4 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, no later than [June 30 of each year] a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, no later than 4 weeks after the submission of the report referred to in paragraph (b) of this section or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

2. The Borrower shall on or about a date following twenty four months after the Effective Date, carry out jointly with the Association, CSO and ANPIP a Midterm review of the progress made in carrying out the Project (hereinafter referred to as the Mid-term Review).

(a) The Midterm Review shall cover, *inter alia*: (i) progress made in meeting the Project's objectives, (ii) results of the monitoring and evaluation activities under the Project, and (iii) overall Project performance against the Project performance indicators pursuant to Schedule

5 to this Agreement.

(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, including comments of CSO thereon, if any.

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

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1) through (5) set forth in the table in 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 FCFA 1,400,000,000 to be withdrawn from the Credit Account and deposited into the Special Account 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 FCFA 700,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 4,000,000.

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 deposit into the Special Account of an amount or amounts 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 and the 90-Day Advance Accounts, 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;

(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 Account or any of the 90-Day Advance 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, minus the total amount of all outstanding special commitments 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 and any of the 90-Day Advance Accounts 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 and any of the 90-Day Advance Accounts: (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 and any of the 90-Day Advance Accounts 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 and any of the 90-Day Advance 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.

7. 90-Day Advance Accounts:

(a) The Borrower shall cause ANPIP to withdraw from the Special Account and deposit into each 90-Day Advance Account sufficient funds to facilitate implementation of the Project, provided that the Borrower shall at no time cause the amount held in any 90-Day Advance Account to exceed the equivalent of FCFA 30,000,000 each.

(b) Payments out of 90-Day Advance Accounts shall only be made for eligible expenditures in respect of Categories (1) through (5) set forth in the table in Schedule 1 to this Agreement.

(c) Any withdrawal from any 90-Day Advance Account must be justified to the Borrower by the same documentation and other evidence regarding eligible expenditures provided for under paragraph 3 of this Schedule.

(d) If the Association or the Borrower shall have determined at any time that any amount outstanding on any 90-Day Advance Account will not be required to cover further payments for eligible expenditures, the relevant implementing agency shall, promptly upon notice from the Association or the Borrower, refund to the relevant Special Account such outstanding amount.

SCHEDULE 5

PERFORMANCE INDICATORS

Outcome/Impact Indicators

By the completion date of the Project:

1. 50% increase in yields and total irrigated production in Project's new zones of intervention compared to 2001; and
2. 35% increase in profitability per hectare of irrigated production in Project's new zones of intervention, compared to 2001.

Output Indicators

By the completion date of the Project:

1. 75% of farmers involved in the Project successfully adopting new technologies promoted by the Project; compared to those used in 2001;
 2. 80% of Producer Associations involved through the Project are trained in administrative and financial management and related themes;
 3. 50% of farmers involved through the Project are trained in production, storage and processing;
 4. threefold increase in the number of irrigation farmers being served by savings associations compared to savings associations membership in 2001; and
 5. 50% increase in women's participation in Project's new zones of intervention compared to the percentage of women participation in Project zones of intervention in 2001.
- 