

CONFORMED COPY

LOAN NUMBER 3256 COB

Loan Agreement

(National Agricultural Extension and
Adaptive Research Project)

between

THE PEOPLE'S REPUBLIC OF THE CONGO

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 29, 1990

LOAN NUMBER 3256 COB

LOAN AGREEMENT

AGREEMENT, dated November 29, 1990, between THE PEOPLE'S REPUBLIC OF THE CONGO (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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

(B) the Borrower intends to receive from the United Nations Development Program (UNDP) two grants (the UNDP Grants) in a total amount of nine hundred thousand dollars (\$900,000) to assist in financing part of the Project on the terms and conditions set forth in two agreements (the UNDP Grant Agreements) to be entered into between the Borrower and UNDP;

(C) the Borrower intends to contract from the European Development Fund (EDF), a loan (the EDF Loan) in an amount equivalent to approximately five hundred thousand dollars (\$500,000) to assist in financing the Project on terms and conditions set forth in the loan agreement (the EDF Loan Agreement) to be entered into between the Borrower and EDF; and

WHEREAS the Bank has agreed on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this

Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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

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

(b) "CFAB" means the currency of the Borrower;

(c) "Project Preparation Advances" means the project preparation advances granted by the Bank to the Borrower pursuant to an exchange of letters dated March 25, 1987 and April 17, 1987 and July 14, 1988 and September 23, 1988 between the Borrower and the Bank;

(d) "MJDR" means the Ministere de la Jeunesse et du Developpement Rural of the Borrower;

(e) "MESS" means the Ministere de l'Enseignement Secondaire et Superieur, charge de la Recherche Scientifique of the Borrower;

(f) "DEP" means Direction des Etudes et de la Planification, a directorate within MJDR;

(g) "DRDFV" means the Direction de la Recherche, du Developpement, de la Formation et de la Vulgarisation, a directorate within MJDR;

(h) "DRDR" means Direction Regionale du Developpement Rural, a directorate of MJDR at the regional level;

(i) "NAERCC" means the National Agricultural Extension and Research Coordinating Committee referred to in Section 3.02 (a) of this Agreement;

(j) "Project Area" means all the districts of the Borrower with the exception of the following districts: Kakamoeka, Madingou-Kayes, Mayoko, Bambama, Boko, Djambala, Mayama, N'goma Tse-Tse, Loukolela, Makoua, Mossaka, M'bomo, Sembe, Souake and Mokeko and of the zones which are not accessible by land in the districts of Impfondo, Dongou and Epena; and

(k) "PSC" means the Project Steering Committee referred to in Section 3.02 (a) (ii) of this Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to fifteen million eight hundred thousand dollars (\$15,800,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made or, if the Bank shall so agree, to be made in respect of the reasonable cost of

goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special account in a commercial bank on terms and conditions satisfactory to the Bank, 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 Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advances 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 Advances shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1996 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

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

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($\frac{1}{2}$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

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

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph A of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent ($\frac{1}{2}$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of

such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MJDR with due diligence and efficiency and in conformity with appropriate administrative, financial and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation to the generality of the provisions of paragraph (a) above with regard to the provision of funds, the Borrower shall:

(i) open and thereafter maintain in CFAF and in the name of DRDFV an account (the Project Account) in a commercial bank on terms and conditions satisfactory to the Bank; and

(ii) thereafter deposit into the Project Account on the first day of every calendar quarter commencing on January 1, 1991, the amount required to restore the account balance to its initial level of one hundred million CFAF (CFAF 100,000,000);

(c) Amounts deposited into the Project Account pursuant to paragraph (b) above shall be used only to make payments to meet expenditures made or to be made in respect of the reasonable cost of goods and services for the Project.

Section 3.02. In order to assist the Borrower in carrying out the Project, the Borrower shall:

(a) establish and thereafter maintain: (i) NAERCC; and (ii) PSC, both with membership, functions and responsibilities satisfactory to the Bank; and

(b) establish and thereafter maintain within DRDFV a service to be responsible for rural promotion operations with qualified staff satisfactory to the Bank and in adequate numbers.

Section 3.03. The Borrower shall, during the execution of the Project: (a) employ and maintain in service the head of DRDFV, line managers, agricultural research specialists and extension specialists, all with qualifications and experience and in adequate numbers satisfactory to the Bank; and (b) appoint regional enumerators and five rural promotion subject matter specialists and ensure that they all take up their field positions no later than June 30, 1991.

Section 3.04. The Borrower shall: (a) maintain in the name of DRDFV an account (the Motorbikes Revolving Fund, hereinafter referred to as MRF) in a commercial bank on terms and conditions satisfactory to the Bank; (b) ensure that the proceeds from the repayment of loans extended to extension staff for acquisition of motorbikes are deposited in MRF; and (c) ensure that the funds deposited in MRF shall be used only for the purpose of extending loans to extension staff for the acquisition of new motorbikes.

Section 3.05. The Borrower shall:

(a) prepare all reports as the Bank shall reasonably request for a mid-term review to be held with the Bank by December 31, 1992 to review the progress achieved

in the execution of the Project; and

(b) ensure that each year, DRDFV shall: (i) prepare Project related work programs and budgets; (ii) submit them no later than June 30 of each year to the Bank for its review and approval; and (iii) execute said work programs as agreed upon with the Bank.

Section 3.06. (a) Except as the Bank 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 Loan shall be governed by the provisions of Schedule 4 to this Agreement.

(b) Without limitation to its obligations under paragraph (a) of this Section and subject to the provisions of said paragraph, the Borrower shall employ specialized consulting firms or agencies, satisfactory to the Bank, to assist it in the hiring and monitoring of consultants and experts for the Project.

ARTICLE IV

Financial Covenants

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

(b) The Borrower shall:

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

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

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

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

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

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

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

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

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional event is specified, namely, that:

(a) Subject to paragraph (b) of this Section: (i) the right of the Borrower to withdraw the proceeds of the grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; or (ii) any such loan shall have become due and payable prior to the agreed maturity thereof.

(b) Paragraph (a) of this Section shall not apply if the Borrower establishes to the satisfaction of the Bank that: (i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (ii) 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 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (a) (ii) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) of that Section.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) the NAERCC and PSC referred to in Section 3.02 (a) of this Agreement have been established;

(b) the Project Account has been opened and an amount of one hundred million CFAF (CFAF 100,000,000) has been deposited therein;

(c) the two UNDP Grant Agreements have been signed; and

(d) the rural promotion service referred to in Section 3.02 (b) of this Agreement has been established and its manager has been appointed.

Section 6.02. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for finance 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:

Ministere des Finances et du Budget
B.P. 2090
Brazzaville
The People's Republic of the Congo

Cable address:

Telex:

MINI FINANCES
Brazzaville
The People's Republic
of the Congo

5294 KG

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

197688 (TRT)
248423 (RCA)
64145 (WUI) or
82987 (FTCC)

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.

THE PEOPLE'S REPUBLIC OF THE CONGO

By /s/ Roger Issomlo

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Edward V.K. Jaycox

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Civil works	1,000,000	90%
(2) Vehicles and equipment	3,500,000	100%
(3) Consultants' services	2,300,000	100%

(4)	Training	800,000	100%
(5)	Research activities	600,000	100%
(6)	Equipment, materials and inputs for Part F of the Project	600,000	100%
(7)	Operating costs	3,900,000	80% until December 31, 1992 55% until December 31, 1994 and 30% thereafter
(8)	Refunding of Project Preparation Advances	1,500,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(9)	Unallocated	1,600,000	
		15,800 000	
	TOTAL	=====	

2. For the purposes of this Schedule:

(a) "operating costs" means expenditures in respect of items such as fuel, lubricants, vehicle maintenance costs, expenses for travel related to the Project and travel and subsistence allowances for extension staff; and

(b) "research activities" means expenditures incurred to carry out research support activities such as testing of the applicability of new technologies in the Project Area.

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.

SCHEDULE 2

Description of the Project

The objectives of the Project are to increase the Borrower's agricultural production and to increase the income of smallholder farmers through delivery of improved extension services and development of adaptive research activities and dissemination of their results.

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

Part A: Management of Agricultural Extension Services

(1) Reorganization and strengthening of extension services in MJDR and improvement of said services throughout the Project Area.

(2) Strengthening of DRDFV through: (a) establishment of a monitoring and evaluation service; (b) improvement of DRDFV's technical, administrative and financial management capability and of its capability to carry out extension and adaptive research operations; and (c) refurbishing and equipping of office space.

Part B: Development of Adaptive Research Activities

(1) Formulation and execution of an adaptive research program, with the active participation of local farmers, aimed at adapting general applied research findings to the specific conditions (agro-ecological/social environment) prevailing in the Project Area.

(2) (a) Completion of ongoing construction and equipping of five existing technical support centers; and (b) construction and equipping of seven new ones.

Part C: Training

(1) Training to familiarize senior MJDR staff with the new extension methodology of the Training and Visit System.

(2) Training of trainers and field agents in effective pedagogical and communication techniques.

(3) (a) Periodic training sessions for extension agents and subject matter specialists and workshops for senior staff to upgrade knowledge in Project-related topics such as management principles, accounting, and media communication;

(b) full understanding of progress achieved under the adaptive research program; and (c) periodic workshops to introduce Project staff to specialized subject matters such as soil and moisture conservation, plant protection and new farming techniques.

(4) Fellowships: (a) for study tours to acquaint relevant Project staff with new extension and adaptive research programs currently ongoing in other countries; and (b) for short-term training abroad to upgrade managerial, technical and communication skills.

(5) Acquisition and printing of training/teaching materials related to extension and research activities.

Part D: Strengthening of Planning Capability

(1) Reinforcement of DEP's capability to carry out economic sectorial analysis necessary for an adequate planning and programming of rural development operations, and for monitoring and evaluating their execution.

(2) Analysis and processing of sectorial data and establishment of an appropriate data base.

Part E: Rural Promotion Activities

Formulation of a methodology and execution of programs to promote rural development activities and, in particular, productive activities by women and the youth.

Part F: Promotion of Small Ruminants Husbandry and Fish Farming

Execution of programs to: (a) increase the productivity of small ruminants at the Inoni Falaise Center and the Madingou and Makoua sub-stations; and (b) intensify fish farming activities at the Farming Station of Djoumouna and the sub-station of Ewo.

* * *

The Project is expected to be completed by December 31, 1995.

SCHEDULE 3

Amortization Schedule

Payment of Principal

Date Payment Due	(expressed in dollars)*
June 1, 1996	290,000
December 1, 1996	300,000
June 1, 1997	310,000
December 1, 1997	320,000
June 1, 1998	335,000
December 1, 1998	350,000
June 1, 1999	360,000
December 1, 1999	375,000
June 1, 2000	390,000
December 1, 2000	405,000
June 1, 2001	420,000
December 1, 2001	435,000
June 1, 2002	455,000
December 1, 2002	470,000
June 1, 2003	490,000
December 1, 2003	510,000
June 1, 2004	530,000
December 1, 2004	550,000
June 1, 2005	570,000
December 1, 2005	590,000
June 1, 2006	615,000
December 1, 2006	640,000
June 1, 2007	665,000
December 1, 2007	690,000
June 1, 2008	715,000
December 1, 2008	745,000
June 1, 2009	775,000
December 1, 2009	805,000
June 1, 2010	835,000
December 1, 2010	860,000

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

Premiums on Prepayment

The following premiums are specified for the purposes of Section 3 04 (b) of the General Conditions:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80

More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part B hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

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

Part B: Other Procurement Procedures

1. Goods estimated to cost the equivalent of \$50,000 or more but less than the equivalent of \$200,000 per contract, up to an aggregate amount not exceeding \$500,000 equivalent, and works may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank, provided that foreign companies shall not be required to be incorporated in Congo in order to participate in the bidding.

2. Goods estimated to cost the equivalent of less than \$50,000 per contract, up to an aggregate amount not exceeding \$200,000 equivalent, may be procured under contracts awarded on the basis of comparison of price quotations invited from at least three suppliers eligible under the Guidelines.

Part C: Review by the Bank of Procurement Decisions

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

(a) With respect to each contract estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract 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, said procedures shall be modified to ensure that the two conformed copies of the contract, together with the other information required to be furnished to the Bank pursuant to said paragraph 3, shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure.

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

Section II. Employment of Consultants

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

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$300,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

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

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

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

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

SCHEDULE 6

Project Implementation Program

1. Up to December 31, 1992, extension services shall be provided only in the following districts: Hinda, Louvakou, Moutamba, Mouyondzi, Madingou, Lekana, Mindouli, Owando, Oyo, Kibangou, Zanaga, Gamboma, Kinkala and Ngabe.

2. The timing for provision of extension services in the remaining districts shall be agreed upon between the Borrower and the Bank during the mid-term review.

3. DRDFV Staff shall be relocated no later than June 30, 1991 in office facilities satisfactory to the Bank.

