

CONFORMED COPY

CREDIT NUMBER 1849 KE

(National Agricultural Research Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

KENYA AGRICULTURAL RESEARCH INSTITUTE

Dated May 13, 1988

PROJECT AGREEMENT

AGREEMENT, dated May 13, 1988, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and KENYA AGRICULTURAL RESEARCH INSTITUTE (KARI).

WHEREAS (A) by the Development Credit Agreement of even date herewith between the Republic of Kenya (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to fifteen million five hundred thousand Special Drawing Rights (SDR 15,500,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that KARI agree to undertake such obligations toward the Association as are set forth in this Agreement;

WHEREAS KARI, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) KARI declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and agricultural research practices, and shall provide, or cause to be provided, 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 Association and KARI shall otherwise agree, KARI shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods and works 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 this Agreement.

Section 2.03. KARI shall carry out 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) in respect of the Project Agreement.

Section 2.04. (a) KARI shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement, and other matters relating to the purposes of the Credit.

(b) KARI shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by KARI of its obligations under this Agreement.

Section 2.05. (a) KARI shall: (i) approve a revised staff structure and establishment; and (ii) by not later than September 30, 1988, approve a revised scheme of service, and terms and conditions of service for its staff.

(b) For the purposes of this Section "scheme of service" means a career stream.

Section 2.06. KARI shall, by not later than December 31, 1989, implement a plan of action, satisfactory to the Borrower and the Association, for the rationalization of the network of RRCs and NRCs under Part B of the Project.

Section 2.07. KARI shall: (a) by not later than September 31, 1988, prepare a proposal for the establishment of information systems, including monitoring and evaluation, and financial and research management procedures, satisfactory to the Borrower, the Association and the Donors; and (b) by not later than December 31, 1988, introduce such procedures.

ARTICLE III

Management and Operations of KARI

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

Section 3.02. KARI shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and agricultural research practices.

Section 3.03. KARI shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

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

(b) KARI shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than nine months after the end of each such year: (A) certified copies of its financial statements for such year as so audited; and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

Section 4.02. KARI shall: (a) by not later than July 1, 1989, submit its opening balance sheet to the Association; and

(b) commencing December 31, 1989, introduce adequate programming, budgeting and accounting procedures, including, inter alia, separate accounts of headquarters, program and station expenditures.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

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

Section 5.02. (a) This Agreement and all obligations of the

Association and of KARI hereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date 20 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify KARI of this event.

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

ARTICLE VI

Miscellaneous Provisions

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

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

For KARI:

Kenya Agricultural Research Institute
P.O. Box 57811
Nairobi, Kenya

Telex:

22766

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

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia,

United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox
Regional Vice President
Africa

KENYA AGRICULTURAL RESEARCH INSTITUTE

By /s/ Denis D. Afande
Authorized Representative

SCHEDULE 1

Procurement

Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof, goods and works 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).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Kenya 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. Contracts for civil works estimated to cost less than the equivalent of \$1,000,000 each, may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Contracts for plant and equipment estimated to cost less than the equivalent of \$50,000 each, may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

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 civil works estimated to cost the equivalent of \$250,000 or more, and for plant and equipment 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.

(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.

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

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

SCHEDULE 2

Implementation Program

Part A: KARI Headquarters:

1. KARI shall carry out the Project in accordance with the Plan of Action.

2. KARI shall appoint and maintain, until completion of the Project, the positions of Director and three Deputy Directors for Soils and Water, Livestock, and Finance, Planning and Administration.

3. (a) KARI shall appoint qualified and experienced persons to the following positions:

Deputy Director for Finance, Planning and Administration;
Assistant Director, Crops;
Assistant Director, Soils, Water and Other Resources;
Assistant Director, RRCs, Extension Liason;
Assistant Director, Animal Production;
Assistant Director, Animal Health;
Directors and Program Coordinators of RRCs and NRCs; and
Section Head, Manpower Development and Training;

(b) KARI shall, by December 31, 1988, appoint qualified and experienced persons to the following positions:

Assistant Director, Planning and Manpower Development;
Assistant Director, Finance and Administration; and
Section Head, Planning, Programming and Budgeting.

4. (a) KARI's Division of Planning and Manpower Development shall be responsible for the establishment of a comprehensive research and management information system (RMIS), including detailed planning, reporting, training, proper maintenance and updating of computer hardware and software.

(b) KARI shall, by September 30, 1988, design reporting formats and guidelines for its research staff and introduce these by December 31, 1988.

(c) Completion of seasonal or annual reports on progress of each research program by each team leader and researcher shall be a condition for approval of the following year's program.

(d) KARI shall, by December 31, 1988, establish a screening, review and editing committee, to ensure reliability and quality of material offered for publication by KARI scientists.

Part B: Research Program Development:

1. Commodity, factor and disciplinary research programs shall be coordinated nationally. A coordinated research program shall consist of a coordinating center located at an NRC and a number of cooperating centers located at other NRCs or in different RRCs, depending on the importance of the commodity or the product in different regions.

2. Each nationally coordinated program shall: (a) be headed by a coordinator, a senior scientist capable of providing scientific leadership, who shall be in charge of a multi-disciplinary team of researchers; and (b) have a Program or Factor Committee established by June 30, 1988. Such Committees shall meet at least once a year, be headed by the Program Coordinator and be responsible for the regular annual evaluation of the past year's research results and the design of the following year's experimental program.

3. KARI shall establish a system of Specialist Committees for each major commodity and factor program, to guide research and link research with related institutions. Each Specialist Committee shall be led by the relevant Deputy Director. Members shall be drawn from institutions with relevant ongoing work. The Deputy Director concerned shall periodically convene Specialist Committee meetings. The Specialist Committees shall initially review and approve long-term research programs and strategies for the particular commodity, factor or discipline, which will in turn provide the basis for detailed annual research programming.

4. KARI shall establish Committees (Research Center Committees), at each RRC and NRC, for the purpose of designing long-term strategies, reviewing ongoing programs and to develop new annual research programs. These Research Center Committees shall maintain close contact with the Commodity and Factor Committees in order that the RRC and NRC programs reflect the aggregate of relevant national commodity and factor research programs, as well as the specific needs of the regions in which each Center is located.

5. Each Research Center Committee shall be established, not later than June 30, 1988, and shall include district development and extension staff, farmers and representatives of local parastatal and private enterprises working in agriculture or agro-industry in order to facilitate a diverse input into research programming.

6. KARI shall, by December 31, 1988, establish a monitoring and evaluation (M&E) system, satisfactory to the Borrower and the Association, to ensure that research is continuously steered in the proper direction, that resources are allocated according to priorities and are effectively utilized. This system shall be implemented by the M&E Section of the Planning and Manpower Development Division. Evaluation shall look at questions of efficiency, effectiveness and impact of programs and assist in future planning. M&E systems shall be established for: (a) KARI's entire program; (b) each nationally coordinated research program; (c) each Research Center; and (d) the individual research projects.

7. Training

(a) KARI shall, during the first phase of NARP, arrange training at MSc levels for about 300 BSc holders and at PhD level for about 60 MSc holders.

(b) With regard to degree and in-service training, KARI shall: (i) outline its training needs, based on an analysis of existing staff and training gaps in a training plan; (ii) discuss such plan with the Borrower, the Association and other Donors; and (iii) by January 31 in each year thereafter, revise and update such plan following such discussions.

(c) KARI shall then identify funding for each category of training.

8. Research/Extension Interaction

The mandates and relationships between KARI and the extension services within the Ministry of Agriculture and Ministry of Livestock Development shall be improved through the participation

of different levels of extension staff in: (a) formulation of nationally coordinated research programs; and (b) programming of research at RRCs. In addition, researchers and extension staff shall jointly conduct diagnostic surveys and monitor the impact of new technology, including farmers' reactions, to obtain feedback.

