

CONFORMED COPY

CREDIT NUMBER 3137 CM

Development Credit Agreement

(National Agricultural Extension and Research Program Support Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 23, 1998

CREDIT NUMBER 3137 CM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 23, 1998, between REPUBLIC OF CAMEROON (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, has requested the Association to assist in the financing of the Project;

(B) the Borrower intends to contract from the International Fund for Agricultural Development (IFAD) a loan in an amount of seven million nine hundred thousand Special Drawing Rights (SDR 7,900,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the IFAD Loan Agreement) to be entered into between the Borrower and IFAD;

(C) the Borrower has contracted from the African Development Fund (ADF) a loan in an amount of seven million Units of Account ADF (UA ADF 7,000,000) to assist in financing Part B.3 of the Project on the terms and conditions set forth in an agreement (the ADF Loan Agreement) dated December 8, 1998 between the Borrower and ADF; 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;

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 December 2, 1997), with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly renumbered as paragraphs (13) through (15):

"12. "Participating Country" means any country that the Association determines meets the requirements set forth in Section 10 of Resolution No. 183 of the Board of Governors of the Association, adopted on June 26, 1996; and "Participating Countries" means, collectively, all such countries."; and

(b) the second sentence of Section 5.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

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) "Beneficiary" means any public or private sector research organization, university, or any other qualified person or organization involved in agriculture, livestock or fisheries, to whom, and for whose benefit, a Research Grant (as hereinafter defined) is made or proposed to be made;

(b) "DPA" means Direction de la Production Agricole, the agricultural production directorate within MINAGRI (as hereinafter defined);

(c) "Fiscal Year" means the Borrower's fiscal year, which begins on July 1 and ends on June 30 of each year;

(d) "CFA Franc" or "CFAF" means Franc de la Communauté Financière Africaine, the currency of the Borrower;

(e) "IRAD" means the Institut de la Recherche Agricole pour le Développement, an établissement public administratif established and operating under the Borrower's Decree No. 96/050 dated March 12, 1996;

(f) "MINAGRI-MINEPIA Cooperation Agreement" means the Convention Générale de Collaboration, dated September 2, 1997, between MINAGRI and MINEPIA (as hereinafter defined), providing for terms and conditions of cooperation within the framework of the Borrower's National Agricultural Extension Program (as hereinafter defined);

(g) "MINAGRI-MINREST Cooperation Agreement" means the Convention Générale de Collaboration, dated April 30, 1996, between MINAGRI and MINREST (as hereinafter defined), providing for terms and conditions of cooperation within the framework of the Borrower's National Agricultural Extension Program (as hereinafter defined);

(h) "Midterm Review" means the midterm review of the progress made in carrying out the Project, referred to in Section B.2 of Schedule 4 to this Agreement;

(i) "MINEPIA" means Ministère de l'Élevage, des Pêches et des Industries Animales, the Borrower's Ministry responsible for livestock, fisheries and animal

industries;

(j) "MINAGRI" means Ministère de l'Agriculture, the Borrower's Ministry responsible for agriculture;

(k) "MINREST" means Ministère de la Recherche Scientifique et Technique, the Borrower's Ministry responsible for scientific and technical research;

(l) "National Agricultural Extension Program" means the program adopted by the Borrower in September 1997 for the development of agricultural extension in its territory;

(m) "Project Account" means the account referred to in Section 3.04 of this Agreement;

(n) "Project Implementation Manual" means the manual referred to in Section A.1 of Schedule 4 to this Agreement and adopted pursuant to Section 6.01(c) of this Agreement, outlining the procurement, disbursement and other arrangements, for the implementation of the Project, as the same may be amended from time to time, and such term includes any schedules to the Project Implementation Manual;

(o) "Province" means any of the ten administrative areas of the Borrower's territory; and "Provinces" mean all of these areas;

(p) "Research Grant" means a research grant made, or proposed to be made, by the Borrower, out of the proceeds of the Credit, to a Beneficiary for the purposes of carrying out a Subproject (as hereinafter defined);

(q) "Research Grant Manual" means the manual setting forth, inter alia, eligibility criteria, procedures and guidelines for the appraisal, approval, administration and supervision of Subprojects (as hereinafter defined) and to be adopted by the Borrower pursuant to Section C.2 of Schedule 4 to this Agreement, as the same may be amended from time to time, and such term includes any schedules to the Research Grant Manual;

(r) "Second Generation Special Accounts" means the accounts referred to in Section 2.02 (c) of this Agreement;

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

(t) "Subproject" means a specific activity financed, or proposed to be financed through a Research Grant, to be carried out under Part B.2 of the Project, in accordance with the policies and procedures set forth in the Research Grant Manual and outlined in Section C.3 and 4 of Schedule 4 to this Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to eleven million four hundred thousand Special Drawing Rights (SDR 11,400,000).

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 and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit; and (ii) amounts paid (or, if the Association shall so agree, to be paid) on account of withdrawals made for the benefit of a Beneficiary under a Research Grant to meet the reasonable cost of goods and services required for a Subproject, and in respect of which the withdrawal from the Credit Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFAF a special deposit account in a commercial bank on terms and conditions

satisfactory to the Association, including appropriate protection against set-off, seizure and 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) The Borrower may additionally open and maintain in CFAF, for the benefit of MINAGRI or MINEPIA, one Second Generation Special Account for each Province in a local correspondent bank or branch of the commercial bank referred to in Section 2.02 (b) above, on terms and conditions satisfactory to the Association.

Section 2.03. The Closing Date shall be June 30, 2003 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 February 15 and August 15 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 semi-annual installments payable on each February 15 and August 15 commencing February 15, 2009 and ending August 15, 2038. Each installment to and including the installment payable on August 15, 2018 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 the Association 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, shall carry out the Project through MINAGRI with due diligence and efficiency and in conformity with appropriate administrative, financial, environmental, and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan for the future operation of the Project; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

Section 3.04. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower shall, for the purposes of making available its counterpart contribution for the financing of the incremental operating costs of the Project (as hereinafter defined in paragraph 2(c) of Schedule 1 to this Agreement):

(a) open and thereafter maintain in CFAF, an account (the Project Account), in a commercial bank, on terms and conditions satisfactory to the Association;

(b) not later than January 15, 2000, deposit an initial contribution of CFAF three hundred sixty million (CFAF 360,000,000) into the Project Account;

(c) thereafter, deposit into the Project Account at least on a quarterly basis, until the completion of the Project, such amounts as shall be required to timely replenish the Project Account back to the amount of the initial deposit referred to in paragraph (b) above; and

(d) ensure that the amounts deposited into the Project Account shall be used exclusively for payments made or to be made in respect of the reasonable cost of goods and services for the Project in addition to those financed out of the proceeds of the Credit.

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 and each of the Second Generation Special Accounts, for each Fiscal Year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, 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 and accounts and the audit thereof as the Association shall from time to time reasonably request.

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

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

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

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

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

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

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

(A) the right of the Borrower to withdraw the proceeds of the IFAD Loan or the ADF Loan, or any grant or loan, 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 therefore, or

agreed (B) any such loan shall have become due and payable prior to the maturity thereof.

(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 or prematuring is 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 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)(i)(B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (a)(ii) of that Section.

ARTICLE VI

Effective Date; Termination

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

(a) the detailed annual work plans, including training programs, and budgets in respect of Project activities, referred to in Section A.4 of Schedule 4 to this Agreement, for the initial period up to December 31, 1999, have been received and found satisfactory by the Association;

(b) the Borrower has employed the independent auditors referred to in Section 4.01(b) of this Agreement, in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(c) the Borrower has adopted the Project Implementation Manual in form and substance satisfactory to the Association; and

(d) the IFAD Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals thereunder, except only the effectiveness of this Agreement, have been fulfilled.

Section 6.02. The date ninety (90) 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 at the time responsible for public investments and regional development is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Public Investments
and Regional Development
Yaoundé
Republic of Cameroon

Cable address:

MINPAT

Telex:

8203 KN

Yaoundé

With copy to:

Caisse Autonome d'Amortissement
P.O. Box 7167
Yaoundé
Republic of Cameroon

Cable address:

CAA
Yaoundé

Telex:

8858 KN

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:

248423 (MCI) or
64145 (MCI)

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 CAMEROON

By /s/ Jérôme Mendouga

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jean-Louis Sarbib

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent	% of Expenditures to be Financed
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(1)	Research Grants under Part B.2 of the Project	760,000	100% of amounts disbursed
(2)	Equipment and vehicles (excluding motorcycles)	1,960,000	100% of foreign expenditures and 85% of local expenditures
(3)	Studies, audits and consultants' services	1,360,000	100%
(4)	Incremental operating costs	4,060,000	100% up to SDR 1,730,000 and 35% thereafter
(5)	Training under Parts C, D, E and F of the Project	2,710,000	100%
(6)	Unallocated	550,000	
	TOTAL	11,400,000	

2. For the purposes of this Schedule:

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

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(c) the term "incremental operating costs" means the incremental expenses incurred on account of Project implementation, management and monitoring (excluding Part B.1 and 3 thereof), including office supplies, vehicle operation (excluding motorcycles), bank charges on the Special Account and the Second Generation Special Accounts, travel and supervision costs, and salaries of about 200 contractual agricultural extension female staff, but excluding salaries of officials of the Borrower's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures prior to the date of this Agreement; and

(b) in respect of a Research Grant under Category (1) of the table in paragraph 1 of this Schedule, unless: (i) the Research Grant has been made in accordance with the procedures, and on the terms and conditions set forth, or referred to, in Section C.3 and 4 of Schedule 4 to this Agreement; (ii) the committee referred to in Section C.1 of Schedule 4 of this Agreement has been established and its members have been appointed; and (iii) the Research Grant Manual has been adopted by the Borrower in form and substance satisfactory to the Association.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures: (a) under contracts for goods not exceeding \$100,000 equivalent each; (b) under contracts for the employment of consulting firms not exceeding \$100,000 equivalent each; (c) under contracts for the employment of individual consultants not exceeding \$50,000 equivalent each; (d) all operating costs and training; and (e) for Research Grants not exceeding \$50,000 equivalent each; all under such terms and conditions as the Association shall specify by notice to the Borrower.

Description of the Project

The objectives of the Project are to increase the agricultural productivity and incomes of farmers in the territory of the Borrower through strengthening the capacity for the provision of agricultural extension services and improving agricultural research associated thereto and gradually rationalizing the use of public resources in support of agricultural services.

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: Agricultural Extension

Strengthening and support of a cost-effective system of agricultural advisory services for crop and livestock farmers and fishermen: (a) including the transfer of environmentally sustainable improved technology with particular emphasis on resource-poor and women farmers; (b) ensuring the availability of improved seeds and breeding stock; and (c) increasing the use of mass media; all such activities through a participatory diagnosis of farmers' production problems, the provision of technical advisory services and the acquisition of equipment.

Part B: Agricultural Research

1. Carrying out research and extension activities through agreements between MINAGRI's and MINEPIAS's provincial services and agricultural research stations or centers in the Provinces concerned, providing for: (a) a participatory diagnosis of farmers' production problems; (b) training of subject matters specialists and field staff; and (c) on-farm tests and trials; all such activities through the provision of technical advisory services and the acquisition of equipment.

2. Preparation of a Research Grant Manual, through the provision of technical advisory services, and provision of Research Grants for the financing of Subprojects including research on agricultural production and post-harvest problems identified during the participatory diagnosis referred to in Parts A and B.1 of the Project.

3. Strengthening of the research capacity of IRAD, including: (a) infrastructure rehabilitation in selected IRAD stations; (b) the carrying out of on-station and farm level research work; and (c) the training of IRAD research staff; through the provision of technical advisory services and the acquisition of equipment.

Part C: Training and Human Resources Development

1. Carrying out a training and human resources development program for agricultural extension and research staff, focusing on: (a) orientation and reorientation training; (b) continuous on-the-job training; and (c) training related to specific needs identified by farmers; all such activities through the provision of technical advisory services and the acquisition of equipment.

2. Carrying out a study on personnel management procedures for research and extension staff.

3. Carrying out a study relating to the demand and supply for agricultural technicians. 4. Rehabilitation of two or three agricultural technical colleges following the recommendations of the study included in Part C.3 of the Project.

Part D: Support to Farmers' Organizations and Links with the Private Sector

Promotion and strengthening of the collaboration between the Borrower's national extension and research services, private sector partners (such as agricultural input suppliers, traders and purchasers of agricultural products) and farmers' organizations to ensure better access by farmers to commercial marketing and supply outlets, credit institutions, and agricultural inputs, as well as improved planting material and breeding stock, through the provision of training and technical advisory services and the acquisition of equipment.

Part E: Village-based Participative Community Development

Assistance to about 75 to 100 village communities in three main agro-ecological zones of the Borrower's territory (Northern, Western Highlands and Southern forests) to analyze their rural development priority needs and prepare and execute action plans to address said needs, through the provision of technical advisory services, trainers' training in the methodology of community participation and the acquisition of equipment.

Part F: Monitoring and Evaluation; Studies

1. Support for the design and establishment of a system of internal and external monitoring and evaluation of the impact of the Project, through the provision of technical advisory services and the acquisition of equipment.
2. Assessing the financial benefits resulting from the adoption of new farming technologies, through the provision of training and technical advisory services.
3. Carrying out studies to formulate a rural sector development strategy and action plan relating thereto in the territory of the Borrower, through the provision of technical advisory services.

* * *

The Project is expected to be completed by December 31, 2002.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

1. Goods and works shall be procured in accordance with (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and in September 1997, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Guidelines), and (b) the provisions of the following Parts of this Section I.
2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods, particularly vehicles and motorcycles, shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods and works estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000 equivalent for goods and \$ 900,000 equivalent for works, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$ 20,000 equivalent per contract, up to an aggregate amount not to exceed \$ 600,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods and works estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply. In addition, the first National Competitive Bidding contract for goods and works, respectively, shall be submitted to the Association for such prior review.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

1. Consultants' services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for the Project, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Under a Fixed Budget

Services for extension, training, monitoring and evaluation, under Parts A, C, D, E and F of the Project, as well as for support to farmers' organizations, estimated to cost less than \$50,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Least-Cost Selection

Services for any financial audit required under the Project, estimated to cost less than \$50,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

3. Single Source Selection

Services for extension and research activities under Parts A, B.1 and 2, and D of the Project, estimated to cost less than \$50,000 equivalent per contract, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

4. Individual Consultants

Services for tasks that meet the requirements set forth under paragraph 5.1 of the Consultant Guidelines may, with the Association's prior agreement, be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

5. Service Delivery Contractors

Services to be provided by field agents and supervisory staff who do not have civil servant status under Parts A, C, D, E and F of the Project, shall be procured in accordance with procedures acceptable to the Association.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

Section A: Overall Project Implementation

1. For the purposes of carrying out the Project, the Borrower shall apply the policies, procedures and arrangements specified in the Project Implementation Manual and the Research Grant Manual. Except as otherwise agreed with the Association, the Borrower shall not amend the Project Implementation Manual or the Research Grant Manual which, in the opinion of the Association, would materially affect the implementation of the Project or any part thereof.

2. (a) Not later than March 31, 1999, the Borrower shall furnish to the Association, for its review and comments, detailed proposals for a coordination system between research and extension activities at the national and provincial levels.

(b) Not later than October 31, 1999, the Borrower shall implement the coordination system referred to in paragraph (a) above with due diligence and efficiency.

3. (a) The Borrower shall carry out the Project under MINAGRI oversight, in close collaboration with MINEPIA, MINREST and their central and provincial administrations responsible for advisory services, and in accordance with the MINAGRI-MINEPIA and MINAGRI-MINREST Cooperation Agreements.

(b) Until the completion of the Project, the Borrower shall maintain a national coordinator assisted by a deputy coordinator, both with qualifications, experience and functions satisfactory to the Association. Said national coordinator shall report to the DPA's Director and shall be responsible for the overall management and coordination of the Project.

(c) At the level of each Province, the provincial supervisor of either MINAGRI or MINEPIA, as appropriate, shall be responsible for the day-to-day management of Project activities carried out in the respective Province.

4. As of October 31, 1999, not later than October 31 of each year, the Borrower shall furnish to the Association, for its review and approval, proposed detailed work plans, including training programs, and proposed budgets in respect of Project activities for the forthcoming calendar year.

5. Not later than June 30, 2000, the Borrower shall establish, and thereafter maintain, a financial management system satisfactory to the Association, ensuring the timely release and availability of local funds required to meet the total operational costs of agricultural extension services at the level of each Province.

6. Not later than December 31, 2000, the Borrower shall carry out a review of MINAGRI's and MINEPIA's operations and human resources in accordance with terms of reference satisfactory to the Association.

7. Not later than December 31, 1999 and December 31, 2001, respectively, the Borrower shall undertake an external beneficiary assessment of the farmers relating to the effectiveness of agricultural extension and research services, in accordance with terms of reference satisfactory to the Association.

8. Not later than December 31, 2000 and December 31, 2002, respectively, the Borrower shall undertake a rural household survey relating to the evaluation of the impact of the Project on production, in accordance with terms of reference satisfactory to the Association.

9. Not later than June 30, 1999, the Borrower shall furnish to the Association, for

its review and approval, a detailed proposal for a pilot project designed to test alternative extension delivery systems.

Section B: Project Monitoring 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 agreed upon between the Borrower and the Association, 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, on or about March 31 of each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) above, 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, by June 30 of each year, or such later date as the Association shall request, the report referred to in paragraph (b) above, 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 Association's views on the matter.

2. (a) The Borrower shall, not later than March 31, 2001, carry out, jointly with the Association, the Midterm Review to assess the progress achieved in the execution of the Project. Said Midterm Review shall cover, inter alia:

(i) the performance as against the key indicators referred to in paragraph 1(a) above;

(ii) the evaluation of the impact of pilot activities under the Project and proposals for the future development of such pilot activities;

(iii) the evaluation of the operation of the financial management system referred to in Section A.5 of this Schedule;

(iv) the results of the review referred to Section A.6 of this Schedule, including proposed follow-up actions;

(v) the implementation of the rural sector development strategy and action plan relating thereto, referred to in Part F.3 of the Project; and

(vi) the assessment of the efficiency of the coordination system between research and extension activities.

(b) The Borrower shall furnish to the Association, at least six (6) weeks prior to the Midterm Review, a report, of such scope and in such detail as the Association shall have reasonably requested, regarding the items listed in paragraph (a) above and the status of Project execution generally.

(c) On the basis of the Midterm Review, the Borrower shall, not later than four (4) weeks after the Midterm Review, prepare an action plan, acceptable to the Association, for the future implementation of the Project, and thereafter, implement such action plan with due diligence and efficiency.

Section C: Policies and Procedures for the Subprojects (Research Grants)

1. Not later than March 31, 1999, the Borrower shall establish and thereafter maintain until the completion of the Project, a committee (the Committee) with members and functions satisfactory to the Association. Said Committee shall be responsible, inter alia, for inviting proposals for Subprojects identified through the participatory diagnosis referred to in Parts A and B.1 of the Project, appraise the

proposed Subprojects and approve Research Grants to be made to finance Subprojects.

2. Not later than June 30, 1999, the Borrower shall, through MINAGRI, MINEPIA and MINREST, furnish to the Association, for its review and approval, the Research Grant Manual.

3. Subprojects shall be appraised and approved in accordance with the policies and procedures set forth in detail in the Research Grant Manual and outlined hereunder:

(a) A proposed Beneficiary shall be a public or private sector research organization, university, or any other person or organization involved in agriculture, livestock or fisheries, which shall have been invited by the Committee to make a proposal for a Subproject, on the basis of qualifications and experience, results achieved under research activities previously carried out and dissemination of said results to the benefit of farmers.

(b) A proposed Subproject shall include only activities:

(i) aimed at addressing a problem on agricultural production or post-harvest identified as a priority need through the participatory diagnosis referred to in Parts A and B.1 of the Project;

(ii) which shall be economically, financially and environmentally justified; and

(iii) of a total estimated cost not exceeding \$50,000 equivalent, out of which vehicles and laboratory equipment shall not represent more than twenty percent (20%).

(c) Applications for Research Grants to finance Subprojects shall be prepared by the proposed Beneficiaries and shall be approved by the Committee. Any proposed Research Grant for a Subproject equivalent to \$50,000 or more shall require the Association's prior approval.

4. Terms and Conditions of Research Grants made for Subprojects

Subprojects shall be carried out pursuant to agreements concluded between the Borrower and the Beneficiaries, on terms and conditions set forth in the Research Grant Manual, satisfactory to the Association, which shall, inter alia, include the following:

(a) the obligation for the Beneficiary to carry out a Subproject in accordance with the Research Grant Manual, with due diligence and efficiency and in accordance with sound technical, environmental, financial and managerial standards, and to maintain adequate records;

(b) the requirement that: (i) the goods, works and services to be financed out of the proceeds of the Credit shall be procured at a reasonable price, account being taken also of other relevant factors such as time of delivery, efficiency and reliability of the goods and, in the case of consultants' services, of their quality and the competence of the parties rendering them, and in accordance with the provisions of Schedule 3 to this Agreement; and (ii) such goods, works and services shall be used exclusively in the carrying out of the Subproject;

(c) the right of the Borrower to inspect, by itself, or jointly with the Association, if the Association shall so request, the goods, work sites, plants and construction included in the Subproject, the operations thereof and any relevant records and documents;

(d) the right of the Borrower to obtain all information as the Borrower or the Association shall reasonably regarding the administration, operations and financial condition of the Subproject and the benefits to be derived from the Subproject; and

(e) the right of the Borrower to suspend or terminate the right of the Beneficiary to use the proceeds of the Credit upon failure by such Beneficiary to

perform any of its obligations under its agreement with the Borrower.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (5) 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, as well as amounts paid or to be paid under Research Grants, 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 CFAF 800,000,000 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 CFAF 600,000,000 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 1,000,000.

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

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

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

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

(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;

(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 as of the date of such notice will be utilized in making payments for eligible expenditures.

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

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

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

(d) Refunds to the Association made pursuant to paragraph 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. (a) The Borrower shall withdraw from the Special Account and deposit into each Second Generation Special Account funds to assist the beneficiary of such account to pay for goods and services under the Project. Such withdrawals and deposits shall be in amounts sufficient to assist each beneficiary in the manner contemplated in Schedule 1 to this Agreement, to pay for such goods and services in due course, provided that, at no time, shall the Borrower cause the amount held in any Second Generation Special Account to exceed the equivalent of CFAF 50,000,000.

(b) Any withdrawal from any Second Generation Special 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.

(c) If the Association or the Borrower shall have determined at any time that any amount outstanding in any Second Generation Special Account will not be required

to cover further payments for eligible expenditures, the beneficiary of such Second Generation Special Account shall, promptly upon notice from the Association or the Borrower, refund to the Special Account such outstanding amount.

