

CONFORMED COPY

CREDIT NUMBER 2575 MAU

Development Credit Agreement
(Agricultural Services Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 26, 1994

CREDIT NUMBER 2575 MAU

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 26, 1994, between ISLAMIC REPUBLIC OF MAURITANIA (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) part of the Project will be carried out by the Societe Nationale de Developpement Rural (SONADER) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to SONADER part of the proceeds of the Credit as provided in this Agreement;

(C) the Association has received a letter dated January 19, 1994, from the Borrower describing the sector policy designed to improve agricultural services and strengthen the linkage between extension, research and agricultural training (the Program) and

declaring the Borrower's commitment to the execution of the Program;
and

WHEREAS the Association has agreed on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Association and SONADER;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

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

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

(b) "Subsidiary Grant Agreement" means the agreement to be entered into between the Borrower and SONADER pursuant to Section 3.02 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Grant Agreement;

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

(d) "Project Preparation Advance" means the project preparation advances granted by the Association to the Borrower pursuant to an exchange of letters dated March 30, 1992 and April 7, 1992; and September 30, 1993 and October 1, 1993, respectively, between the Borrower and the Association;

(e) "MDRE" means the Ministere du Developpement Rural et de l'Environnement", the Ministry of Rural Development and Environment of the Borrower;

(f) "CP/MDRE" means Cellule de Planification, the Planification Unit of MDRE;

(g) "Delegations Regionales" means the regional offices of MDRE established after the decentralization of the Ministry by Decree 22-93 PM of March 3, 1993;

(h) "CNRADA" means Centre National de Recherche Agronomique et de Developpement Agricole, the National Agricultural Research Center of MDRE located in Kaedi;

(i) "CNERV" means the Centre National de l'Elevage et de Recherche Veterinaire, the National Livestock Research Center of MDRE located in Nouakchott;

(j) "ENFVA" means the Ecole Nationale de Formation et de Vulgarisation Agricole", the National Agricultural Training and Extension School of MDRE located in Kaedi;

(k) "CFCB" means the Centre de Formation Cooperatif de Boghe, the Boghe Cooperative Training Center;

(l) "DRFV" means Direction de la Recherche-Formation-Vulgarisation, the Department of Research, Training and Extension of MDRE located in Nouakchott;

(m) "ISS" means Institut Supérieur Scientifique, the National Higher Scientific Institute of the Ministry of Education of the Borrower located in Nouakchott;

(n) "CNRA" means Conseil National de Recherche Agricole, the National Agricultural Research Council to be established under the Project;

(o) "CST" means Commission Scientifique et Technique, the Scientific and Technical Commission of CNRA to be established under the Project;

(p) "IAPSO" means Inter-Agency Procurement Services Offices of UNDP;

(q) "ouguiya(s)" and "UM" (ouguiyas mauritaniens) means the currency of the Borrower;

(r) "Project Area" means the territory of the Borrower with the exception of the Regions "Tiris-Zemur", "Inchiri" and "Dakhlet Nouadhibou"; and

(s) "Amextipe" means Agence Mauritanienne d'Execution des Travaux d'Interet Public et pour l'Emploi, created December 2, 1992 and authorized by Government Recipisse de Reconnaissance No. 2161/MIPT/DAPLP/SLP dated December 3, 1992.

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 thirteen million one hundred thousand Special Drawing Rights (SDR 13,100,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in convertible ouguiyas two special deposit accounts (Special Account A for MDRE; and Special Account B for SONADER) in a commercial bank in Nouakchott, acceptable to the Association, on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 2000 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

(b) The commitment charge shall accrue: (i) from the date

sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date 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 April 15 and October 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 15 and October 15, commencing April 15, 2004 and ending October 15, 2033. Each installment to and including the installment payable on October 15, 2013 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. 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 MDRE with due diligence and efficiency and in conformity with appropriate administrative, financial, agricultural extension, research, and environmental practices, and shall provide, promptly

as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. (a) Without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall cause SONADER to carry out Parts B, C.2 and D.2 of the Project and to perform in accordance with the provisions of the Project Agreement all the obligations of SONADER therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable SONADER to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Pursuant to paragraph (a) of this Section, the Borrower shall make the proceeds of the Credit allocated from time to time to Categories (2)(c); (3)(c); (4)(c); and (6)(c) of the table set forth in paragraph (1) of Schedule 1 to this Agreement available to SONADER as a grant under a Subsidiary Grant Agreement to be entered into between the Borrower and SONADER, under terms and conditions which shall have been approved by the Association.

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

(d) Without limitation or restriction of its obligations under paragraphs (a), (b), and (c) of this Section, and except as the Borrower and the Association shall otherwise agree, the Borrower shall: (i) carry out the Project through MDRE in accordance with the Implementation Program set forth in Schedule 4 to this Agreement; (ii) provide in its annual budget amounts adequate to cover its counterpart contributions to the costs of the Project; (iii) open and maintain in a commercial bank in Nouakchott an account (the Project Account) to be used exclusively to meet expenditures under the Project; and deposit into the Project Account: (A) an initial amount of \$100,000; and (B) the remaining amount of its counterpart contributions, quarterly in advance, according to a schedule of payments agreed upon between the Borrower and the Association.

(e) The Borrower shall: (i) no later than December 31, 1996, or at such later date as the Association and the Borrower shall agree upon, carry out jointly with the Association and SONADER an in-depth review of Project implementation (mid-term review) to assess on the basis of the key monitoring indicators agreed upon between the Borrower and the Association: (A) the overall progress made in carrying out the Project, including its benefits and costs; (B) the performance of agencies and entities participating in the Project; (C) the extent to which the institutional objectives of the Project have been achieved; and (D) the results of the study on generation, adoption and diffusion of agricultural technologies referred to in paragraph (6) of Schedule 4 to this Agreement; (ii) furnish to the Association, not later than one month prior to such mid-term review, a report, intended to prepare such review, with proposals to improve the effectiveness of Project implementation, as the case may be; and (iii) following such review, act promptly and diligently in taking any action deemed necessary by the participants of the mid-term review.

Section 3.03. 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 3.04. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Parts

B, C.2 and D.2 of the Project shall be carried out by SONADER pursuant to Section 2.03 of the Project Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, and shall 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 Special Accounts A and B, for each fiscal year audited in accordance with appropriate auditing principles consistently applied by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

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

- (i) maintain or cause to be maintained in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit 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 (h) of the General Conditions, the following additional events are specified:

(a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried

out.

(b) SONADER shall have failed to perform any of its obligations under the Project Agreement.

(c) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that SONADER will be able to perform its obligations under the Project Agreement.

(d) Decree No. 92069 of November 23, 1992 of the Borrower, reorganizing SONADER, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SONADER to perform any of its obligations under the Project Agreement.

(e) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SONADER or for the suspension of its operations.

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

(a) the event specified in paragraphs (a), (b) and (c) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower;

(b) the events specified in paragraphs (d) and (e) of Section 5.01 of this Agreement shall occur; and

(c) Decree No.: 22-93 PM of March 3, 1993 of the Borrower regulating the reorganization of MDRE shall have been repealed or substantially modified.

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 Subsidiary Grant Agreement has been executed on behalf of the Borrower and SONADER;

(b) an accounting system for the Project, satisfactory to the Association, has been established and a qualified accountant has been recruited to keep the accounts of DRFV;

(c) the Borrower has opened the Project Account referred to in Section 3.02 (d) (iii) of this Agreement and deposited the amount of \$100,000 equivalent therein; and

(d) the independent auditor referred to in Section 4.01 (b) of this Agreement has been appointed in accordance with the provisions of Section II of Schedule 3 to this Agreement under a multi-year contract.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) the Project Agreement has been duly authorized or ratified by SONADER and is legally binding upon SONADER in accordance with its terms; and

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

Section 6.03. The date of 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 Planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministere du Plan
BP 238
Nouakchott
Mauritania

Cable address:	Telex:
MP Nouakchott	840 MTN

For the Association:

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

Cable address:	Telex:
INDEVAS Washington, D.C.	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.

ISLAMIC REPUBLIC OF MAURITANIA

By /s/ Mohamed Fall Ainina
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

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

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works:		100% of foreign expenditures and 95% of local expendi- tures
(a) MDRE	2,940,000	
(b) Research Institutes	220,000	
(2) Vehicles, equipment and materials:		100%
(a) MDRE	2,130,000	
(b) Research Institutes	570,000	
(c) SONADER	350,000	
(3) Consultants' services:		100%
(a) MDRE	700,000	
(b) Research Institutes	200,000	
(c) SONADER	40,000	
Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(4) Training:		
(a) MDRE	860,000	80%
(b) Research Institutes	150,000	100%
(c) SONADER	140,000	80%
(5) Research Fund	360,000	100%
(6) Incremental Operating Costs:		
(a) MDRE	1,720,000	80%
(b) Research Institutes	430,000	100%
(c) SONADER	380,000	80%
(7) Refunding of Project Prepara- tion Advance	570,000	Amount due pur- suant to Section 2.02 (c) of this Agreement
(8) Unallocated	1,340,000	
	<hr/>	
TOTAL	13,100,000	

=====

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;

(c) the term "MDRE" means CP/MDRE and the Delegations Regionales of the Ministry, DRFV, CFCB and ENFVA;

(d) the term "Research Institutes" means CNRADA, CNERV and CNRA; and

(e) the term "incremental operating costs" means: (i) travel allowances and local in-service training expenditures for extension and research staff; (ii) operating and maintenance costs of vehicles, equipment, furniture and buildings; and (iii) costs of office and laboratory supplies and publications.

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

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

(b) payments made, or to be made, in respect of expenditures to be withdrawn from Categories (1)(b); (2)(b); (3)(b); (4)(b); (5); and (6)(b), of the table set forth in paragraph 1 of this Schedule unless the Borrower has: (i) adopted, in a form acceptable to the Association, the research programs referred to under paragraph 2 (a) of Part C of Schedule 2 to this Agreement; (ii) developed the lay-out and development plan, satisfactory to the Association, referred to under paragraph 2 (c) of Part C of Schedule 2 to this Agreement; and (iii) has caused CNRADA and CNERV to enter into an agreement with a qualified accounting firm acceptable to the Association, under terms and conditions to include accounting for the Research Fund, referred to in paragraph 3 of Part C of Schedule 2 to this Agreement, and such accountants having: (A) established a cost accounting system; and (B) an opening balance for CNRADA and CNERV; and

(c) payments made, or to be made, in respect of expenditures to be withdrawn from Category (5) of the table set forth in paragraph 1 of this Schedule, until CNERV and CNRADA have been reorganized in accordance with the programs referred to under paragraph (2)(a) of Part C of Schedule 2 to this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts not exceeding \$20,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in implementing the first five-year phase of its strategic plan aiming at improving the performance of the national extension and research system to increase agricultural productivity in a sustainable manner through investments in extension, agricultural research and training in the Project Area.

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

Part A: Institutional Development and Support to

Decentralization of MDRE

1. Support DRFV and CP/MDRE to: (a) improve their institutional capacity through assistance in: (i) definition of policy goals; (ii) planning, programming and monitoring of extension services, research and training; and (iii) collaboration with media, NGOs and farmer organizations; (b) implement MDRE decentralization by providing assistance to its Delegations Regionales; (c) establish a manpower development plan for the agencies participating in the Project; (d) reorganize CNERV and CNRADA as indicated in paragraph (2)(a) of Part C of this Schedule; and (e) establish CNRA, including CST, with functions acceptable to the Association enabling the accomplishment of their obligations under Part C of this Schedule.

2. (a) Construction and rehabilitation of buildings at: (i) MDRE headquarters and its Delegations Regionales; (ii) DRFV; (iii) ENFVA; (iv) CFCB; (v) CNRADA and its research stations; and (vi) CNERV and its research stations; (b) acquisition and maintenance for CNRADA and CNERV of: (i) research, and laboratory plant and equipment; and (ii) agricultural equipment; (c) small agricultural demonstration equipment for extension purposes; (d) office and computing equipment; and (e) transport equipment.

Part B: Agricultural Extension

Support to the Borrower and SONADER to strengthen their capacity to provide extension advise to male and female farmers and herders through: (a) increased interaction between researchers, farmers and extension agents by: (i) systematic farmer participation in research and extension planning, execution and evaluation; and (ii) implementation of participatory on-farm research; (b) generation and diffusion of research findings through: (i) training of extension agents by researchers; (ii) regular farm visits by extension agents; (iii) implementation of incentives to reward researchers for development of research relevant to farmer's needs; and (iv) introduction of an extension-research evaluation system; and (c) regular review of agricultural technologies at field level.

Part C: Research Program Implementation and Management

1. Strengthening the Borrower's capacity in agricultural research through: (a) coordination of research activities at CNRADA, CNERV, ISS, and the Universite de Nouakchott by CNRA and CST; (b) assistance to CNRA and CST in reviewing and updating research programs and evaluation of research proposals; and (c) assistance to CNRA and CST in programming, monitoring and evaluation of agricultural research.

2. Assisting CNRA and CST to: (a) define long-term research programs and priorities and develop guidelines accordingly, taking into account existing manpower resources; (b) include SONADER and MDRE agents in the execution of such programs as referred to under paragraph (a) heretofore; and (c) develop a lay-out and a development plan for experimental stations and agricultural research laboratories in conformity with such programs as referred to under paragraph (a) heretofore.

3. Assisting in the establishment and operation of a Research Fund to finance contract research.

Part D: Human Resource Development

1. Improvement of the effectiveness of research scientists by providing training in: (a) professional methodologies through courses in, inter alia: (i) communication skills; (ii) research identification and planning; (iii) participatory research methodologies; and (b) scientific topics through courses in, and exchange with, regional and/or international agricultural research centers.

2. Improvement of the effectiveness of: (a) SONADER's and MDRE's extension agents by providing training through: (i) in-service

courses; and (ii) retraining, notably, at ENFVA; and (b) subject matter specialists through: (i) training by researchers; (ii) courses at ENFVA, and other local and/or regional agricultural training institutions; and (iii) courses abroad.

3. Improvement of the skills of farmers as head of cooperatives or producer groups through CFCB by providing courses in: (a) group management and organization; (b) aspects pertaining to the economic viability of cooperatives; and (c) functional literacy.

4. Improvement of the effectiveness of ENFVA by providing for: (a) program revision reflecting new requirements of public and private agricultural development caused by the policy of state disengagement; (b) training in: (i) communication skills; and (ii) subject matter topics; (c) visiting lecturers; (d) creation of three additional teaching posts; and (e) a review of the relevance of ENFVA as an institution in its response to the needs of the various agricultural professions.

* * *

The Project is expected to be completed by June 30, 2000.

SCHEDULE 3

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part D 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 1992 (the Guidelines).

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

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

2. To the extent practicable, contracts for works, equipment, furniture and vehicles shall be grouped into bid packages estimated to cost the equivalent of \$100,000 or more.

3. All goods shall be exempt from pre-shipment price inspection by a third party inspection firm.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in the Islamic Republic of Mauritania 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: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. (a) Contracts for works, administered by Amextipe, estimated to cost the equivalent of \$250,000 or less per contract, up to an aggregate amount to be financed by the Association equivalent to \$4,200,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally in accordance with procedures satisfactory to the Association.

(b) Contracts for equipment, and materials estimated to cost the equivalent of \$100,000 or less per contract, up to an aggregate amount equivalent to \$500,000, may be procured under contracts awarded on the basis of competitive bidding advertised locally in accordance with procedures satisfactory to the Association.

2. Contracts for equipment, furniture and supplies estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$300,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least two suppliers eligible under the Guidelines, from at least two different countries, eligible under the Guidelines, in accordance with procedures acceptable to the Association, or from IAPSO.

Part E: 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 administered by Amextipe, for goods estimated to cost the equivalent of \$100,000 or more, and for works estimated to cost the equivalent of \$250,000 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 a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of a Special Account in respect of such contract; with respect to contracts not administered by Amextipe the respective threshold shall be the equivalent of \$100,000.

(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 a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract, together with the other information required to be furnished to the Association pursuant to said paragraph 3, shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Development Credit Agreement.

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

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

Section II: Employment of Consultants

1. In order to provide assistance in carrying out the Project, the Borrower shall employ, and shall cause SONADER to employ,

consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981. For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Association with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Association, the Borrower shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$ 100,000 equivalent each. However, this exception to prior Association review shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Association or to amendments of contracts raising the contract value to \$100,000 equivalent or above.

SCHEDULE 4

Implementation Program

The Borrower shall:

1. establish a Project Coordinating Committee, with membership to include representatives of CP/MDRE, DRFV, a member of the Ministry of Plan, CNRADA, CNERV, SONADER, CFCB and ENFVA, under the chairmanship of a high ranking official of MDRE, designated by its Minister, to meet at least twice annually and with duties and responsibilities to include inter alia regular control of: (a) Project implementation of components by the respective implementing agencies; (b) DRFV supervision of progress assessments and programs implemented under the Project and its components;

2. establish: (a) CNRA, with members, mandate and procedures acceptable to the Association, with responsibility, inter alia to: (i) review agricultural research policy and programs; (ii) propose priorities; and (iii) issue guidelines accordingly; (b) CST with qualified staff in sufficient numbers, acceptable to the Association, to: (i) screen research programs submitted by CNRADA, CNERV and ISS as to scientific quality, technological output and compliance with CNRA established guidelines; (ii) review and allocate the funds required for each such program as approved; (iii) select such programs to be funded under the Research Fund referred to under (c) of this paragraph; (iv) have all such programs referred to under (ii) and (iii) of this paragraph (b) submitted through DRFV to the Association for approval according to paragraph 4 (b) of this Schedule prior to submission of said programs to MDRE for approval and to DRFV for execution; and (v) serve as general scientific advisor to MDRE in the field of agricultural research; and (c) the Research Fund referred to in paragraph 3 of Part C of Schedule 2 to this Agreement under management of DRFV, to finance CST selected, and Association approved, research programs;

3. hold, annually in November, and cause SONADER to participate in, a project implementation review meeting with the Association based on a Project implementation report for the past and the following year, previously submitted by DRFV, to assess inter alia: (a) the progress of the Project against agreed key monitoring indicators; (b) the implementation of the long-term manpower development plan for personnel involved in the execution of the Project; (c) the adherence to sound extension management principles as agreed to between the Association and the Borrower; (d) the execution of means and policies intended to enhance extension agents

mobility referred to in paragraph 10 of this Schedule; (e) the adequacy of levels of training and formation allowances for extension staff; and (f) staffing levels and staffing ratios for extension agents according to the manpower table as included in the key monitoring indicators;

4. have DRFV submit to the Association: (a) bi-annual reports on Project implementation and act in timely fashion on recommendations agreed with the Association, if any; and (b) by December 15 of each year during Project implementation, all annual research programs and budgets selected by CST for approval;

5. for the purpose of carrying out the Project, cause CP/MDRE, DRFV, CNERV, CNRADA, ENFVA and CFCB to employ and maintain staff with qualifications, experience, terms and conditions of employment, all satisfactory to the Association, and DRFV, CNRADA, CNERV, ENFVA and CFCB to retain qualified accountants at all times during Project implementation;

6. initiate six months prior to, and complete one month prior to, the mid-term review referred to under paragraph (f) of Section 3.02 of this Agreement, a study on generation, adoption and diffusion of agricultural technologies under terms of reference acceptable to the Association and distribute said study to the Association prior to said review;

7. have an institutional audit carried out under terms of reference acceptable to the Association, assessing the collaboration of agencies participating in the Project including DRFV supervision as referred to under paragraph 1 (b) of this Schedule 4 and the results of MDRE decentralization, to be initiated prior to the mid-term review referred to under Section 3.02 (f) of this Agreement, and said audit to be distributed to the Association prior to such review;

8. cause DRFV to establish and implement a project monitoring system in conformity with agreed key monitoring indicators; and cause CP/MDRE, the Delegations Regionales and SONADER to contribute in the establishment and implementation of said system;

9. apply, and cause SONADER to apply, sound extension management principles; and

10. provide for, and cause all implementing agencies to provide for: (a) directives encouraging; and means to sustain, mobility; (b) adequate transport; and (c) appropriate travel allowances for all extension staff, all satisfactory to the Association.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: (i) in the case of Special Account A, Categories (1) through (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and (ii) in the case of Special Account B, Categories (2), (3), (4) and (6) of said table;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$400,000 for Special Account A; and \$100,000 for Special Account B to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Accounts 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 Accounts have been duly opened, withdrawals of the respective Authorized Allocation and subsequent withdrawals to replenish said Special Accounts shall be made as follows:

(a) For withdrawals of the respective Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the respective 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 relevant Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of a Special Account, the Borrower shall furnish to the Association requests for deposits into the relevant Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the relevant 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 said 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 a 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 a Special Account:

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

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the total 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 Accounts as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of a 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 said 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 relevant 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 a 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 a 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.

