

CONFORMED COPY

CREDIT NUMBER 2974 BUR

Development Credit Agreement

(Second National Agricultural Services Development Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 15, 1997

CREDIT NUMBER 2974 BUR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 15, 1997, between BURKINA FASO (the Borrower) and the 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 Association has received a letter dated April 21, 1997 from the Borrower describing a program of actions, objectives and policies designed to improve the delivery of agricultural services to farmers (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;

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

(a) The last sentence of Section 3.02 is deleted.

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

"Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank 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."

(c) Section 6.03 is modified to read:

"Section 6.03. Cancellation by the Association. If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) at any time, the Association determines, after consultation with the Borrower, that an amount of the Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Credit, or (c) at any time, the Association determines, with respect to any contract to be financed out of the proceeds of the Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Association to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (d) at any time, the Association determines that the procurement of any contract to be financed out of the proceeds of the Credit is inconsistent with the procedures set forth or referred to in the Development Credit Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (e) after the Closing Date, an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Credit shall be canceled."

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 a farmer group to whom a Grant (as hereinafter defined) is made or proposed to be made;

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

(c) "CNRST" means Centre National de la Recherche Scientifique et Technologique, established and operating pursuant to the Borrower's Decree No. 96-400, dated December 13, 1996;

(d) "CRPA" means Centre Régional de Promotion Agro-Pastorale, the Borrower's regional center for agro-pastoral promotion;

(e) "CU" means the Coordination Unit, established by the Borrower's Ministry of Agriculture and Animal Resources pursuant to the Borrower's Ministerial Decree No. 92-0114/AGRI-RA, dated April 3, 1992;

(f) "DPCLR" means MAGRI's Direction de la Promotion Coopérative et de la Législation Rurale;

(g) "DPIA" means MRA's Direction des Productions et des Industries Animales;

(h) "DSV" means MRA's Direction des Services Vétérinaires;

(i) "Financing Agreement" means an agreement to be entered into between MAGRI

and a Beneficiary for the purposes of carrying out a Subproject;

(j) "Grant" means a grant made, or to be made, by MAGRI out of the proceeds of the Credit, to a Beneficiary to finance eligible expenditures incurred in respect of a Subproject under Parts D.1 and D.3 of the Project;

(k) "INERA" means the Borrower's Institut de l'Environnement et de Recherches Agricoles established pursuant to the Borrower's Decree No. 96-400, dated December 13, 1996, and operating pursuant to the Borrower's Arrêté No. 97-040/MESSRS, dated April 25, 1997;

(l) "IRSAT" means Institut de Recherche en Sciences Appliquées et de Technologie established pursuant to the Borrower's Decree No. 96-400, dated December 13, 1996, and operating pursuant to the Borrower's Arrêté No. 97-041/MESSRS, dated April 25, 1997;

(m) "LNE" means the Borrower's Laboratoire Nationale d'Elevage established pursuant to the Borrower's Decree No. 97-044/PRES/PM/AGRI-RA, dated February 5, 1997;

(n) "MAGRI" means Ministère de l'Agriculture, the Borrower's ministry responsible for agriculture;

(o) "MESSRS" means Ministère des Enseignements Secondaires Supérieurs et de la Recherche Scientifique, the Borrower's ministry responsible for secondary and higher education and scientific research;

(p) "MRA" means Ministère des Ressources Animales, the Borrower's ministry responsible for animal resources;

(q) "Project Account" means either or all of the accounts referred to in Section 3.02 of this Agreement;

(r) "Project Implementation Manual" means the manual referred to in Section 6.01 (a) of this Agreement and setting out, inter alia, procurement and disbursement procedures, performance indicators and other administrative, financial and organizational arrangements for the implementation of the Project, including procedures and guidelines for the administration, promotion, appraisal and supervision of Subprojects, to be followed by MAGRI in carrying out Parts D.1 and D.3 of the Project;

(s) "Special Account" means either or all of the accounts referred to in Section 2.02 (b) of this Agreement;

(t) "Steering Committee" means the interministerial committee established by the Borrower's Arrêté Conjoint No. 97/00010/MF/AGRI-RA/MESSRS, dated May 13, 1997, for the purpose of coordination of the execution of the Project; and

(u) "Subproject" means a specific activity under Parts D.1 and D.3 of the Project, which complies with the eligibility criteria specified in the Project Implementation Manual, Part II of Schedule 4 to this Agreement, financed, or proposed to be financed, through Grants extended made under Parts D.1 and D.3 of the Project.

## 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 thirty million three hundred thousand Special Drawing Rights (SDR 30,300,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for:

(i) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement (other than Parts D.1 and D.3 thereof) 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) by MAGRI on account of withdrawals made for the benefit of a Beneficiary under a Grant to meet the reasonable cost of goods and services required for a Subproject to be financed under Parts D.1 and D.3 of the Project, and in respect of which the withdrawal from the Credit Account is requested.

(b) The Borrower may: (i) for the purposes of Parts B, C, D and E of the Project, open and maintain in CFAF a special deposit account (Special Account A for MAGRI and MRA); (ii) for the purposes of Parts A.1 and A.3 of the Project, open and maintain in CFAF a special deposit account (Special Account B for INERA); and (iii) for the purposes of Part A.2 of the Project, open and maintain in CFAF a special deposit account (Special Account C for IRSAT), all 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, each respective Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2001 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 May 15 and November 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 semiannual installments payable on each May 15 and November 15, commencing November 15, 2007 and ending May 15, 2037. Each installment to, and including the installment payable on, May 15, 2017 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

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

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

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

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out Parts B, C, D and E of the Project and Part A of the Project through CNRST, all with due diligence and efficiency and in conformity with appropriate administrative, financial, environmental, technical 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 cause CNRST to carry out Part A of the Project, and shall carry out Parts B, C, D, and E of the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Without any limitation upon its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) open, and thereafter maintain until the completion of the Project, an account for Parts B, C, D and E of the Project, to be operated and maintained by MAGRI (the MAGRI and MRA Project Account), an account for Parts A.1 and A.3 of the Project, to be operated and maintained by INERA (the INERA Project Account), and an account for Part A.2 of the Project, to be operated and maintained by IRSAT (the IRSAT Project Account), all in a commercial bank acceptable to the Association and on terms and conditions acceptable to the Association;

(b) deposit an initial contribution of: (i) CFAF 100,000,000 (CFAF one hundred million) into the MAGRI and MRA Project Account, (ii) CFAF 55,000,000 (CFAF fifty-five million) into the INERA Project Account, and (iii) CFAF 6,000,000 (CFAF six million) into the IRSAT Project Account;

(c) thereafter, replenish any of said accounts at least on a semiannual basis, up to the amount of the initial contribution, or whenever its balance shall be less than the equivalent of CFAF 40,000,000 (CFAF forty million) for the MAGRI and MRA Project Account, CFAF 22,000,000 (CFAF twenty-two million) for the INERA Project Account and CFAF 3,000,000 (CFAF three million) for the IRSAT Project Account; and

(d) ensure that funds deposited into the Project Accounts in accordance with paragraphs (b) and (c) above shall be used exclusively to finance the Borrower's share of expenditures under the Project other than those financed from the proceeds of the Credit. 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. 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 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 continued achievement of the Project; and

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

### 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 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 (h) of the General Conditions, the following additional event is specified, namely that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

#### 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) (i) the Borrower has finalized and adopted the Project Implementation Manual; (ii) MESSRS, through CNRST, has adopted a manual setting out procedures and guidelines for financial control and external audits and has furnished to the Association a draft manual setting out procedures for the evaluation of researchers, in form and substance acceptable to the Association; (iii) MESSRS, through CNRST, has adopted a manual of procedures regarding the approval, monitoring and evaluation process, in form and substance acceptable to the Association; and (iv) INERA and IRSAT

have adopted an internal management manual, in form and substance acceptable to the Association;

(b) the Borrower has furnished to the Association an environmental analysis of the probable effects of the Project, in form and substance acceptable to the Association;

(c) the Borrower has adopted regulations, in form and substance acceptable to the Association to: (i) require full recovery for veterinary services provided by its public sector that veterinary services provided by the Borrower's public sector are charged at full cost to recipients of such services, and (ii) regulate subcontracting (mandat sanitaire) of its livestock services to private sector service providers;

(d) 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; and

(e) the Project Accounts referred to in Section 3.02 (a) of this Agreement have been duly opened, and the Borrower has made the initial deposits referred to in Section 3.02 (b) of this Agreement paragraph (b) thereof.

Section 6.02. The date one hundred and fifty (150) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. The obligations of the Borrower under Article IV of this Agreement [and the provisions of paragraphs shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date ten yearsafter the date of this Agreement, whichever shall be the earlier.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Le Ministre Chargé des Finances  
Ministère de l'Economie et des Finances  
03 BP 7050  
Ouagadougou 03 / Burkina Faso

Cable address:

5555  
SEGEGOUV

Telex:

5555  
SEGEGOUV

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.

BURKINA FASO

By /s/ Bruno N. Zidouemba

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
(1) Civil works for:		100% of foreign expenditures and 95% of local expenditures
(a) MAGRI	40,000	
(b) MRA	250,000	
(c) INERA	1,830,000	
(d) IRSAT	140,000	
(2) Goods for:		100% of foreign expenditures and 90% of local expenditures
(a) MAGRI	3,030,000	
(b) MRA	350,000	
(c) INERA	1,250,000	
(d) IRSAT	450,000	
(3) Grants under Parts D.1 and D.3 of the Project	1,900,000	80%
(4) Training, Consultants' services and studies for:		100%
(a) MAGRI	2,980,000	
(b) MRA	320,000	
(c) INERA	2,350,000	
(d) IRSAR	290,000	
(5) Incremental operating costs for:		75%
(a) MAGRI	6,000,000	
(b) MRA	680,000	
(c) INERA	4,600,000	
(d) IRSAT	140,000	



(6)	Unallocated	3,700,000
	TOTAL	30,300,000

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods 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, including office supplies, vehicle operation, travel and supervision costs and research and laboratory supplies, as well as temporary labor relating to research activities, but excluding salaries of officials of the Borrower's civil service.

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

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

(b) payments made, or to be made, in respect of expenditures set forth in Categories 1 (c), 2 (c), 3 (c), 4 (c) and 5 (c) of the table in paragraph 1 of this Schedule relating to Part A.2 until the Borrower has furnished evidence acceptable to the Association showing that IRSAT has established an accounting and financing system, in form and substance acceptable to the Association; and

(c) in respect of a Grant, unless the Grant has been provided in accordance with the procedures, and on the terms and conditions set forth or referred to, in this Agreement and the Project Implementation Manual.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for: (i) works and goods and consultants' services (firms) under contracts not exceeding \$50,000 equivalent; (ii) training and operating costs; (iii) consultant's services (individuals) for contracts not exceeding \$20,000 equivalent; and for Grants not exceeding \$50,000 equivalent per Grant, 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 reduce rural poverty by increasing small farmers' production through provision of essential agricultural services and strengthening of the link between agricultural research, farmer organizations and extension 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 Research

1. (a) Strengthening technical and managerial capacities of INERA to carry out priority agricultural research programs, in collaboration with farmer organizations, including research programs in forestry, and fruit and vegetable production, through the carrying out of civil works, the acquisition of equipment, agricultural inputs, teaching materials, the provision of technical advisory services, and training.

(b) Construction or rehabilitation of physical infrastructure, as well as improvement of experimentation plots at Kamboinse, Saria, Farakoba, Dori-Katchari, Di-Tougan, Fada-Kouare and Niangoloko.

2. Strengthening the technical, managerial and operational capacities of IRSAT to

carry out priority agricultural research programs, including research programs in agroprocessing and agricultural mechanization, through the carrying out of civil works, the acquisition of equipment, the provision of technical advisory services and training.

3. Strengthening the technical, managerial and operational capacities of CNRST, through the acquisition of equipment, the provision of technical advisory services and the carrying out of joint research activities with universities and other research and training institutes.

Part B: Agricultural and Livestock Extension

1. Improving the delivery of the Borrower's agricultural extension services for rainfed and irrigated crops, livestock production and natural resource management, through the acquisition of equipment, the provision of technical advisory services and training.

2. Implementation of programs designed to improve women's access to extension services, including information, communication, literacy and numeracy programs, and operation of economic units, through the acquisition of equipment, the provision of technical advisory services and training.

Part C: Animal Health and Pastoralist Promotion

1. (a) Promoting private sector participation in the animal health sector to improve the quality of animal health services delivery and strengthening the Borrower's legislative and regulatory framework on animal health, through provision of technical advisory services and training; and

(b) strengthening the technical, managerial and operational capacities of DPIA, DSV and the national laboratories (virology, bacteriology, parasitology and epidemiology), and four of LNE's regional laboratories, to carry out more effective animal sanitary control, through the acquisition of equipment and vehicles, the provision of technical advisory services and training.

2. (a) Establishment and operation of a mobile specialized unit within MRA to provide relevant information to transhumant pastoralist producers, through the acquisition of equipment, the provision of technical advisory services and training; and

(b) establishment and operation of a small unit within MRA to provide advisory services to peri-urban livestock producers, through the acquisition of equipment, the provision of technical advisory services and training.

Part D: Pilot Participation Programs

1. Implementation of pilot programs, and provision of Grants for the financing thereof, to strengthen the technical, managerial and operational capacities of the farmer organizations to provide agricultural services to their members, through the acquisition of equipment and vehicles, the provision of technical advisory services and training.

2. Strengthening the capacity of DPCLR to carry out information and communication activities and to prepare legislative and regulatory reforms aimed at creating an enabling environment for the development of farmers' organizations, through the acquisition of equipment, the provision of technical advisory services and training.

3. Implementation of a two-year pilot program to test the aptitude of farmer organizations to conduct rainfed water control and soil conservation activities, including promotion, appraisal, designing, supervision, and evaluation of farmer-initiated projects activities, and provision of Grants for the financing thereof, for the construction of small dams (boulis), village wells and latrines.

Part E: Institutional Strengthening

Restructuring of MAGRI and CRPAs to improve its their efficiency and economy, through the provision of technical advisory services and training.

\* \* \*

The Project is expected to be completed by June 30, 2001.

## SCHEDULE 3

### Procurement

#### Section I. Procurement of Good and Works

##### Part A: General

Goods and works shall be procured in accordance with 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 (the Guidelines) and the following provisions of this Section.

##### Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, works and goods 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 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 works and goods shall be grouped in bid packages estimated to cost \$200,000 equivalent or more each.

###### (b) Preference for domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to works to be carried out by domestic contractors.

##### Part C: Other Procurement Procedures

###### 1. National Competitive Bidding

Works estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$2,000,000 equivalent, 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 \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$2,000,000 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.

###### 3. Community Participation

Goods and works required for Parts D.1 and D.3 of the Project estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$3,000,000 equivalent, shall be procured in accordance with procedures set forth in the Implementation Manual and acceptable to the Association.

##### Part D: Review by the Association of Procurement Decisions

###### 1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or 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

(a) With respect to each contract for works, and for goods estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract, except for Part D.3, for goods estimated to cost the equivalent of \$50,000 or less, the following procedures shall apply:

- (i) prior to the execution of any contract procured under direct contracting procedures, the Borrower shall provide to the Association a copy of the specifications and the draft contract; and
- (ii) in addition, the procedures set forth in paragraphs 2 (f) and 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

### 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

Consultants' services shall be procured in accordance with 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 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

### 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 shortlist of consultants for services for the Project, estimated to cost less than \$20,000 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 small contracts, 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. Selection Based on Consultants' Qualifications

Services for contracts to be implemented, estimated to cost less than \$20,000 equivalent per contract for individual consultants and \$50,000 equivalent per contract for consulting firms, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

#### 3. Single Source Selection

Services for technical and professional support under the Project, estimated to cost less than \$20,000 equivalent per contract for individual consultants and \$50,000 equivalent per contract for consulting firms, 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 consultants and other contractual staff employed in Project implementation for tasks that meet the requirements set forth in 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.

### Part D: Review by the Bank 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 \$50,000 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 \$20,000 or more, the terms of reference, the qualifications, experience and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after said approval shall have been given. With respect to any such consultant contract estimated to cost less than the equivalent of \$20,000, the terms of reference for employment of the consultants shall be furnished to the Association for its review, promptly upon receipt, except for contracts under Parts D.1 and D.3 of the Agreement, for which such terms of reference of employment shall be furnished to the Association for its information.

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.

SCHEDULE 4

Implementation Program

Part I: General

1. Under the overall supervision of the Steering Committee, (a) the CU shall be responsible for the coordination of the execution of Parts B, C, D and E of the Project; and (b) MESSRS, through CNRST, shall be responsible for the coordination of the execution of Part A of the Project. For this purpose, the CU shall employ competent staff in adequate numbers, including (i) a Project coordinator, who shall be the head of the CU, (ii) a financial manager, and (iii) a procurement specialist, to be responsible for the planning, coordination, supervision and monitoring of activities of the Project, all with qualifications and experience acceptable to the Association and in accordance with the provisions of Section II of Schedule 3 to this Agreement.

2. The Borrower shall ensure that the positions of Director and Deputy Director of INERA and IRSAT shall, at all times during the execution of the Project, be kept filled by persons having qualifications and experience satisfactory to the Association.

3. The Borrower shall:

(a) prepare and transmit to the Association a Project Implementation Manual, acceptable to the Association, setting out, inter alia, procurement and disbursement procedures, performance indicators and other administrative, financial and organizational arrangements for the implementation of the Project, including procedures, and guidelines for the administration, promotion, appraisal, and supervision of Subprojects, to be followed by MARA in carrying out Parts D.3 of the Project;

(b) carry out the Project in accordance with procedures set out in the Project Implementation Manual and, except as the Association shall otherwise agree, shall not amend or waive any provision thereof, if such amendment or waiver may, in

the opinion of the Association, materially or adversely affect the implementation of the Project.

4. 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) not later than November 30 of each year, undertake, in conjunction with the Association, MAGRI, MRA, MESSRS, CNRST and farmer organization representatives, a joint annual review of the Project, during which they shall exchange views generally on all matters relating to the progress of the Project and the performance by the Borrower, MAGRI, MRA and MESSRS, through CNRST, of their respective obligations under this Agreement, including:

(i) a review of the progress achieved by the Borrower, MAGRI, MRA and MESSRS, through CNRST, in the implementation of the Project, having regard to the performance indicators referred to in paragraphs 4 (a) of this Schedule;

(ii) a review of the proposed work plans and budget for the forthcoming fiscal year;

(iii) a review of the public expenditure program for the agriculture sector, including the adequacy of budgetary support provided under the Project during the current year and proposed budgetary allocations for the forthcoming fiscal year; and

(iv) the performance of Beneficiaries in the implementation of the Subprojects under Parts D.1 and D.3;

(c) not later than one month prior to each annual review, furnish to the Association, for its comments, a report, in such detail as the Association shall reasonably request, on the progress and status of the Project and giving details of the various matters to be discussed at such review; and

(d) following each annual review, undertake to act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project or to implement such other measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

5. (a) The Borrower shall, not later than December 31 of each year, submit to the Association, for review and approval, proposed annual work plans and budget for the forthcoming fiscal year, including details of proposed budgetary allocations and disbursement estimates and, proposed procurement activities.

(b) The Borrower shall submit to the Association, for review:

(i) not later than one month after the end of each quarter, quarterly progress reports on the status of the Project; and

(ii) reports as needed on the award of contracts under the Project.

6. For purposes of civil works under the Project, the Borrower shall take adequate steps to ensure that such works shall be undertaken with due regard to the need for adequate safeguards for the protection of the environment and that adequate provisions to that effect are included in the relevant works contracts.

7. The Borrower shall cause MESSRS, through CNRST, to: (i) adopt, no later than December 31, 1998, an annual evaluation and promotion of researchers' system based on criteria which encourage development research and compensate the best performers amongst all research personnel; and (ii) recruit progressively, out of the permanent budget of CNRST, the contractual personnel financed by the Association during the first year of the Project, as follows: 33% of the total amount of such salaries in the second year, 66% of the total amount of such salaries in the third year and 100% in the fourth year.

8. The Borrower shall cause MAGRI and MRA to: (i) adopt a reorganization plan satisfactory to the Association and thereafter redeploy personnel and organize related personnel transfers, pursuant to the terms of its reorganization plan, before in

accordance with such plan by June 30, 1998, such arrangements to include separation of the control and advice functions at the level of field agents and unification of the available livestock personnel into the national extension system, based on annual action plans for each province; (ii) not later than April 30, 1998, submit to the Association a report by independent auditors, acceptable to the Association, relating to the liquidation of the assets and liabilities of the ex-CRPAs; (iii) liquidate the assets and liabilities of the ex-CRPAs not later than April 30, 1999; (iv) carry out a study to assess the feasibility of transforming LNE into an independent administrative entity no later than December 31, 1998; and (v) introduce payment for specialized peri-urban advisory services not later than December 31, 1999.

Part II:       Parts D.1 and D.3 of the Project

1.       Eligibility Criteria for Subprojects

Without limitation upon the provisions of paragraph 3 above, no Subproject shall be eligible for financing out of the proceeds of the Credit unless the CU verifies that the Subproject satisfies the eligibility criteria specified below and in more detail in the Project Implementation Manual, which shall include, inter alia, the following:

- (a)       the Subproject shall be initiated by a Beneficiary;
- (b)       the Subproject shall be financially and technically viable, and environmentally sound, in accordance with and meet the standards specified in the Project Implementation Manual;
- (c)       the Beneficiary shall provide at least 20% of the estimated Subproject costs in the form of cash, materials, labor or other services;
- (d)       the Subproject shall be in compliance with the standards set forth in the applicable laws and regulations of the Borrower relating to health, safety and environmental protection; and
- (e)       Subprojects involving involuntary resettlement of population shall not be eligible for financing under the Project, unless an action plan for the resettlement of the affected population, satisfactory to the Association, has been agreed upon with the concerned population.

2.       Terms and Conditions of Grants made for Subprojects

Subprojects shall be carried out pursuant to Financing Agreements, to be concluded between MAGRI and the Beneficiary, under terms and conditions set forth in the Project Implementation Manual and satisfactory to the Association, which, inter alia, shall include the following:

- (a)       financing to be on a grant basis;
- (b)       the obligation to carry out the Subproject in accordance with the Project Implementation Manual, with due diligence and efficiency and in accordance with sound environmental, technical, financial and managerial standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Subproject;
- (c)       the requirement that: (i) the goods, works and services to be financed from the proceeds of the Credit shall be procured in accordance with the procedures set forth in Schedule 3 to this Agreement; and (ii) such goods, works and services shall be used exclusively in the carrying out of the Subproject;
- (d)       the right of MAGRI to inspect, by itself, or jointly with the Association, if the Association shall so request, the goods, works sites, plants and construction included in the Subproject, the operations thereof and any relevant records and documents;
- (e)       the right of MAGRI to obtain all information as MAGRI or the Association shall reasonably request regarding the administration, operations and financial conditions of the Subproject; and
- (f)       the right of MAGRI to suspend or terminate the right of the Beneficiary to use the proceeds of the Credit for the Subproject upon failure by the Beneficiary to perform any of its obligations under its Financing Agreement, such failure to be determined by external audits carried out in accordance with the procedures set forth

in the Implementation Manual. ~

## SCHEDULE 5

### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means, in the case of Special Account A for MAGRI and MRA, Categories (1), (2), (3) and (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; in the case of Special Account B for INERA, Categories (1), (2), (3) and (4) set forth in the said table; and in the case of Special Account C for IRSAT, Categories (1), (2), (3) and (4) set forth in the said table;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and amounts paid, or to be paid, in respect of 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 to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule, equivalent, in the case of Special Account A for MAGRI and MRA, to CFAF 600 million; in the case of Special Account B for INERA, to CFAF 400 million; and in the case of Special Account C for IRSAT, to CFAF 100 million; provided, however, that unless the Association shall otherwise agree, the Authorized Allocation for: (i) Special Account A for MAGRI and MRA shall be limited to an amount equivalent to CFAF 300 million 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 for Parts B, C, D and E of the Project shall be equal to or exceed the equivalent of CFAF 6.6 billion; (ii) Special Account B for INERA shall be limited to an amount equivalent to CFAF 200 million 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 for Parts A.1 and A.3 of the Project shall be equal to or exceed the equivalent of CFAF 4.5 billion; and (iii) Special Account C for IRSAT shall be limited to an amount equivalent to CFAF 50 million 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 for Part A.2 of the Project shall be equal to or exceed the equivalent of CFAF 500 million.

2. Payments out of the respective 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 respective Special Accounts have been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Special Accounts 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 respective Special Accounts 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 respective Special Accounts such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Accounts, the Borrower shall furnish to the Association requests for deposits into the respective Special Accounts 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 respective Special Accounts such amounts 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 respective Special Accounts 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 respective Special Accounts, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into any 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 Accounts;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Special Accounts, 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 Parts of the Project related to that Special Account, shall equal the equivalent of twice the amount of the Authorized Allocation for that Special Account. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for that Special Account 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 respective 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 any 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 respective Special Accounts (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 any 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 any 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 Accounts.

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



