

CONFORMED COPY

CREDIT NUMBER 2453 GM

Development Credit Agreement
(Agricultural Services Project)

between

REPUBLIC OF THE GAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 28, 1993

CREDIT NUMBER 2453 GM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 28, 1993, between the REPUBLIC OF THE GAMBIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Borrower has applied to the International Fund for Agricultural Development (the Fund) for a loan (the Fund Loan) in an amount equivalent to two million five hundred fifty thousand Special Drawing Rights (SDR 2,550,000) to assist in financing the Project on the terms and conditions set forth in an agreement (the Fund Loan Agreement) between the Borrower and the Fund; and

(C) the Fund intends to appoint the Association as Cooperating Institution to administer the Fund Loan and the Association is prepared to accept such appointment;

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 last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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

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

(b) "Project Account" means the Project Account referred to in Section 3.01 (b) (ii) of this Agreement;

(c) "NARB" means the National Agricultural Research Board referred to in Section 3.01 (c) (i) of this Agreement;

(d) "NARI" means the Gambia Agricultural Research Institute referred to in Section 3.01 (c) (i) of this Agreement;

(e) "PSU" means the Project Support Unit referred to in Section 3.01 (c) (ii) of this Agreement;

(f) "TS" means the Technical Secretariat referred to in Section 3.01 (c) (iii) of this Agreement; and

(g) "Participating Arrangements" means the arrangements referred to in paragraph 2 of Schedule 4 to this Agreement between the Ministry of Agriculture (MOA), the Gambia College, the Ministry of Education and the Ministry of Natural Resources and the Environment.

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 eight million eight hundred thousand Special Drawing Rights (SDR 8,800,000).

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 described in Schedule 2 to this Agreement 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 dollars two special deposit accounts, a Special Account A for NARB/NARI and a Special Account B for the Ministry of Agriculture in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1999 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 May 15 and November 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 semi-annual installments payable on each May 15 and November 15, commencing May 15, 2003 and ending November 15, 2032. Each installment to and including the installment payable on November 15, 2012 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. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through the Ministry of Agriculture and the National Agricultural Research Board with due diligence and efficiency and in conformity with appropriate administrative, financial, agricultural extension and research practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation or restriction of its obligations under paragraph (a) of this Section, the Borrower shall: (i) provide in its annual budget amounts adequate to cover its counterpart contributions to the costs of the Project; (ii) open and maintain in its Central Bank 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 \$50,000 equivalent, 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.

(c) (i) The Borrower shall continue to maintain the National Agricultural Research Board (NARB) and establish and maintain a National Agricultural Research Institute (NARI), all in a form and with functions and staffing satisfactory to the Association.

(ii) The Borrower shall continue to maintain in a form and with functions and staffing satisfactory to the Association its Project Support Unit (PSU). The Project Support Unit shall be responsible for handling procurement matters under all Parts of the Project (other than Part C (2) of the Project), and for the administration and monitoring of Project activities.

(iii) The Borrower shall cause NARB to: (A) establish and thereafter maintain a Technical Secretariat (TS) within NARB. TS shall be established and maintained in a form and with functions and staffing satisfactory to the Association; and (B) appoint and assign to TS a Research Manager and a Finance Expert whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association.

(d) The Borrower shall carry out by the beginning of the third year of the Project and complete by the end of the said year an adoption and diffusion extension study satisfactory to the Association.

(e) The Borrower shall: (i) no later than December 31, 1996, carry out jointly with the Association a mid-term review of the Project 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 adoption and diffusion extension study referred to in paragraph (d) of this Section; and (ii) promptly thereafter implement the recommendations of the mid-term review to the satisfaction of the Association.

(f) The Borrower shall transmit to the Association, at least 90 days prior to the mid-term review described in paragraph (e) above, a report, in scope and detail satisfactory to the

Association, describing the status of Project implementation.

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

Section 3.03. The Borrower shall carry out the actions described in Schedule 4 to this Agreement to the satisfaction of the Association.

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 (including PSU and NARB/NARI) responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the 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 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 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. (a) Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified, namely, that subject to subparagraph (ii) of this paragraph:

- (i) the right of the Borrower to withdraw the proceeds of any loan, credit or grant made to the Borrower for the financing of the Project (including the Fund Loan) shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; or
- (ii) any such loan shall have become due and payable prior to the agreed maturity thereof.

(b) Paragraph (a) of this Section shall not apply if the Borrower establishes to the satisfaction of the Association that:

- (i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and
- (ii) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely, the event specified in paragraph (a) of Section 6.01 of this Agreement shall occur, subject to the proviso of paragraph (b) of that Section.

ARTICLE VI

Effective Date; Termination

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

- (a) the appointment of the Research Manager and the Finance Expert referred to in Section 3.01 (c) (iii) of this Agreement;
- (b) the furnishing to the Association of the procurement plan for the Project (including timetables) referred to in paragraph 1 of Schedule 4 to this Agreement;
- (c) the deposit into the Project Account of the initial amount referred to in Section 3.01 (b) (ii) of this Agreement;
- (d) the conclusion by the Ministry of Agriculture, the Gambia College, the Ministry of Education and the Ministry of Natural Resources and the Environment of the Participation Arrangements referred to in paragraph 2 of Schedule 4 to this Agreement;
- (e) the due establishment of NARB and NARI by law;
- (f) the appointment of auditors acceptable to the Association to audit the records and accounts for the Project for at least three years; and
- (g) the furnishing to the Association of the consolidated human resources development/training plan referred to in Part A.3 of Schedule 4 to this Agreement.

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:		
(a) NARB/NARI under Part C (1) of the Project	150,000	100% of foreign expenditures; and 40% of local expenditures
(b) Under other Parts of the Project	570,000	100% of foreign expenditures; and 65% of local expenditures
(2) Vehicles, equipment, furniture and materials:		100%
(a) NARB/NARI under Part C.1 of the Project	1,000,000	
(b) Under other Parts of the Project (except Parts B(1)(a)(vi), B(1)(c)(i), (d), and D)	780,000	
(3) Consultants' Services:		100%
(a) NARB/NARI under Part C.1 of the Project	360,000	
(b) Under other Parts of the Project (except Parts B(1)(a)(vi), B(1)(c)(i), (d), and D)	430,000	
(4) Training:		100%
(a) NARB/NARI under Part C.1 of the Project	500,000	
(b) Under other Parts of the Project (except Parts B(1)(a)(vi), B(1)(c)(i), (d), and D)	2,000,000	
(5) Incremental operating costs:		

(a)	NARB/NARI under Part C.1 of the Project	710,000	75%
		Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
	Category		
(b)	Under other Parts of the Project (except B(1)(a)(vi), B(1)(c)(i),(d), and D)	1,000,000	90%
(6)	Unallocated	1,300,000	
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	TOTAL	8,800,000	
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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; and

(c) the term "incremental operating costs" means the following incremental costs: (i) travel allowances and local in-services training expenditures for extension and research staff; (ii) operating and maintenance costs of vehicles, equipment, furniture and buildings; (iii) motorcycles allowances; (iv) costs of office and laboratory supplies and publications; and (v) salaries of incremental staff of PSU.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist in: (i) increasing agricultural productivity in the Gambia; (ii) generating sustained growth in the incomes of small farming families; and (iii) promoting self help and indigenous development potential among farmers and rural folk, through strengthening support services in agricultural extension, research and training.

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 Sector Analysis and Planning

1. Strengthening the Departments of Planning in the Ministries of Agriculture and Natural Resources and Environment in sector analysis and planning including: (i) the provision of short-term consultancy services to the Departments by an external university/institution under an agreement between the MOA and the university/institution satisfactory to the Association; (ii) short-term and graduate level training of staff of the Departments; (iii) provision to the Departments of vehicles, computers, software and office facilities; and (iv) workshops and networking activities for staff of the

Departments.

Part B: Extension Services and Functional Literacy

(1. (a) Strengthening of extension operations of the Department of Agricultural Services including: (i) extension planning, programming, and monitoring; (ii) development of extension recommendations including animal husbandry, plant protection, post-harvest technology, natural resource management practices and farming systems' linkages, collaboration with non-governmental organizations and farmers organizations; (iii) in-service training of staff of the Department; (iv) decentralization of extension management and strengthening of the District Extension Centers and regional extension staff; (v) preparation of a long-term comprehensive human resources development plan; and (vi) strengthening the MID agricultural and livestock extension services through the provision of inter alia vehicles, equipment, materials, training and associated operational support.

(b) Strengthening of the outreach activities of the Department of Agricultural Services including assisting the Services and the Unit to take effective countrywide soil conservation measures and advise on community-based land management plans.

(c) Strengthening of: (i) the soil and water management and Agricultural Communication Units of the Department of Agricultural Services; and (ii) the Agricultural Pest Management, the Food and Nutrition Units of the Department of Agricultural Services, including the provision to the Units of office and laboratory equipment, audio-visual and printing equipment, materials and supplies.

(d) Carrying out by the Non-Formal Education Department of a functional literacy program, including: (i) the development and production by the Non-Formal Education Department and the Agricultural Communications Unit of functional literacy materials; (ii) expansion of the ongoing functional literacy training at the MacCarthy Island Division, in collaboration with the Jahaly-Pacharr Smallholder Project; (iii) training of programme assistants to train village facilitators; and (iv) provision of vehicles and equipment for the use of programme assistants in carrying out the Project.

2. (a) Carrying out, with the assistance of the Ministry of Natural Resources and the Environment, a series of ecological/environmental surveys and inventories to support the Borrower's environmental action plan and facilitate the preparation of the Borrower's natural resource management plans including: (i) a range land inventory; and (ii) a study of river flow and saline intrusion in the River Gambia.

(b) Strengthening of the Environmental Unit of the Ministry of Natural Resources and the Environment.

3. (a) Reorganization of the Department of Livestock Services to strengthen its extension responsibilities including: (i) a programme of regular visits of the Department staff to farmers to advise them on all aspects of animal production; and (ii) the introduction into the Department's staff of supervisory staff and designation of Subject Matter Specialists.

(b) Coordination by the Department of Livestock Services and the Department of Agricultural Services of their extension activities including: (i) the adoption by the two Departments of a time bound and supervised work programme; (ii) joint training of staff of the two Departments; (iii) strengthening of the links between research and extension; (iv) development and dissemination of complementary extension recommendations addressing the particular concerns of resource poor farmers and women farmers; and (v) development of a media-based strategy by the Agricultural Communications Unit of the Department of Agricultural Services.

(c) Rehabilitation and repair of selected facilities and

veterinary posts of the Department of Livestock Services and the Department of Agricultural Services, including provision of fences and the rehabilitation of wells.

(d) Provision of: (i) communication and office equipment and supply of farm implements to each District Extension Centre; (ii) pick-up trucks, motor cycles, mopeds and bicycles to the Department of Livestock Services and the Department of Agricultural Services; and (iii) in-service, specialized and degree level training (including out-of-country training) for qualified extension staff of the said Departments.

Part C: Agricultural Research and Education System

1. (a) Strengthening of the agricultural research system of the Gambia, including: (i) the strengthening of the National Agricultural Research Board (NARB), and (ii) the establishment of (A) a National Agricultural Research Institute (NARI), (B) a Gambia Agricultural Research Fund (GARF) to be managed by the NARB; and (C) a Technical Secretariat within the NARB in a form and with functions and staffing (including a Research Manager and a finance expert) satisfactory to the Association;

(b) Preparation of a long-term strategy and a master plan for agricultural research satisfactory to the Association;

(c) Carrying out of selective priority research programs satisfactory to the Association, including programs to be carried out under short-term contracts;

(d) Strengthening of: (i) internal linkages with farmers, non-governmental organizations and extension services; and (ii) external linkages with national, regional and international research institutions;

(e) establishment of an internal and external system satisfactory to the Association to review agricultural research programs to be carried out under the Project; and

(f) training of research staff: including (i) university training; (ii) experiment station and scientific management training; (iii) short out-of-country courses to upgrade specific skills; and (iv) on-the-job training.

2. Strengthening of the Agricultural School of the Gambia College, including: (i) the provision of in-service training courses for extension staff; (ii) upgrading of (A) the School's class room, laboratory and other facilities, and (B) the School's teaching farm; and (iii) the provision of instructional materials, publications and documentation.

Part D: Community Self-Help and Farmer Empowerment Promotion

1. Carrying out of pilot activities in the MacCarthy Island Division to promote community self-help activities and indigenous development potential among farmers and rural people, including: (i) strengthening of farmers' associations and related farmer training for water management and irrigated rice production; (ii) testing of animal traction and other intermediate labor saving technologies for irrigated rice production; and (iii) training of village entrepreneurs capable of running small businesses for farm inputs and implements.

2. Establishment of a monitoring and evaluation (M&E) arrangements to closely monitor the operations in MacCarthy Island Division.

3. Assisting the development of rural financial services by strengthening and expanding Village Savings and Credit Associations (VISACAs); supporting a National Centre for the promotion of VISACAs; providing a refinancing facility to meet credit requirements; developing a national policy on rural financing.

4. Establishment of a Village Development Fund, to be used in financing community-initiated social infrastructure including village water points, day-care centers and village woodlots, rural roads improvement and soil conservation works.

* * *

The Project is expected to be completed by December 31, 1998.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

2. Goods to be procured through international competitive bidding, shall be exempted from pre-shipment price inspection by a third party.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in the Gambia may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. The following works (up to an aggregate amount not to exceed \$700,000 equivalent) may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association, namely: (i) houses for extension staff, greenhouses and shadehouses at agricultural research stations; and (ii) fencing, road rehabilitation, and rehabilitation of irrigation networks and research stations and divisional headquarters.

2. Goods estimated to cost less than \$100,000 equivalent per contract (up to an aggregate amount not to exceed \$1,600,000 equivalent) may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

3. Goods estimated to cost less than \$30,000 equivalent per contract (up to an aggregate amount not to exceed \$400,000 equivalent) may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

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

(a) With respect to each contract estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to paragraph 2 (d) of said Appendix shall be

furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, 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 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 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the 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.

SCHEDULE 4

Actions Referred to in Section 3.03 of this Agreement

Part A

1. The Borrower shall furnish to the Association a procurement plan for the Project, including timetables, satisfactory to the Association in such detail as the Association shall reasonably request.

2. The Ministry of Agriculture conclude arrangements (the Participation Arrangements) satisfactory to the Association with the Gambia College and the Borrower's Ministry of Education and the Ministry of Natural Resources and the Environment setting out the terms and conditions of Project implementation and coordination.

3. (a) The Borrower shall prepare and furnish to the Association a consolidated human resources development/training plan, satisfactory to the Association, of agencies of the Borrower participating in the Project and shall furnish to the Association a policy statement on extension satisfactory to the Association which sets out the main features of the extension program to be carried out under the Project.

(b) The Borrower shall until completion of the Project: (i) review annually with the Association the said consolidated plan; and (ii) prepare for each year following every such annual review a detailed human resources development/training plan satisfactory to the Association.

Part B

5. MOA's Department of Planning shall by December 31, 1993 conclude an agreement satisfactory to the Association with an external institution acceptable to the Association for the provision by the institution of professional support to the Department.

6. The Borrower shall cause the Gambia College to: (i) revise by December 31, 1993 its curricula so as to provide courses for (A)

agriculturalists on animal husbandry, (B) livestock students on crop production; and (ii) furnish to the Association by the said date a plan for attracting qualified female students to apply for entry to courses at the College.

7. The Borrower shall cause NARI to introduce by January 1, 1994 a research programming and program implementation monitoring system satisfactory to the Association.

8. The Borrower shall cause NARB to furnish to the Association for its approval NARB's scheme of service for researchers employed by NARB before the scheme is put into effect.

9. The Borrower shall cause NARI to employ consultants to assist in strengthening and improving its research station management through on-the-job training during the first year of Project implementation.

10. The Borrower shall cause NARB to furnish to the Association for its approval draft standard contract specifications for research proposals to be financed through the Gambia Agricultural Research Fund before signing the first contract for the carrying out of any such research.

11. The Borrower shall cause the Deputy Permanent Secretary/Project Coordinator and the Technical Secretariat of NARB to furnish to the Association in such detail as the Association shall reasonably request semiannual progress reports highlighting progress in Project implementation, key issues and proposed solutions for problems encountered in the course of the carrying out of the Project.

12. The Borrower shall cause the components of the Part D of the Project relating to self reliance and farmer empowerment to be carried out in accordance with the implementation plan agreed by the Borrower and the Association.

13. The Borrower shall cause the MOA to continue to maintain and strengthen its three-year rolling public expenditure programming system, with close linkage with the existing Borrower's public budgeting system.

14. The Borrower shall ensure continuous mobility of its field extension staff through, inter alia, an appropriate level of allowances paid to such staff. The adequacy of this level shall be reviewed annually between the Borrower and the Association.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means for Special Account A, Categories (1)(a), (2)(a), (3)(a), (4)(a) and (5)(a), and for Special Account B, Categories (1)(b), (2)(b), (3)(b), (4)(b) and (5)(b) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the 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: (i) \$250,000 for Special Account A; and (ii) \$500,000 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 has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the 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 a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Accounts, the Borrower shall furnish to the Association requests for deposits into the 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 Special Accounts such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special 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 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 the Special Accounts:

(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 of the Project, 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 Authorized Allocation.

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

6. (a) If the Association shall have determined at any time that any payment out of the Special Accounts: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special 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 the Special Accounts shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Accounts 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.

