

CONFORMED COPY

CREDIT NUMBER 1970 TA

(National Agricultural and Livestock Research Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 3, 1989

CREDIT NUMBER 1970 TA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated February 3, 1989, between UNITED REPUBLIC OF TANZANIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Borrower intends to contract from the African Development Fund (AfDF) a loan (the AfDF Loan) in an amount equivalent to eight million two hundred thousand dollars (\$8,200,000) to assist in financing the Project on the terms and conditions set forth in an agreement (the AfDF Loan Agreement) to be entered into between the Borrower and AfDF;

(C) the Borrower intends to request from the Kingdom of the

Netherlands (the Netherlands) a grant (the Netherlands Grant) in an amount approximately equivalent to two million seven hundred thousand dollars (\$2,700,000) to assist in financing part of the Project;

(D) the Borrower intends to request from the United Kingdom of Great Britain and Northern Ireland (U.K.) a grant (the UK Grant) in an amount up to the equivalent of two million eight hundred and fifty thousand dollars (\$2,850,000) to assist in financing part of the Project;

(E) the Borrower intends to request from the Federal Republic of Germany (West Germany) a grant (the West German Grant) in an amount up to the equivalent of one million six hundred and fifty thousand dollars (\$1,650,000) to assist in financing part of the Project;

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 Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated September 26, 1986, and November 7, 1986, between the Borrower and the Association.

(c) "MALD" means the Borrower's Ministry of Agriculture and Livestock Development;

(d) "RTD" means the new Research and Training Department within MALD;

(e) "TARO" means the Tanzania Agricultural Research Organization;

(f) "TALIRO" means the Tanzania Livestock Research Organization;

(g) "TPRI" means the Tropical Pesticides Research Institute;

(h) "UAC" means the Uyole Agriculture Centre;

(i) "FSR" means Farming Systems Research; and

(j) "Donors" means Af.DB, the Netherlands, UK and West Germany.

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 six million Special Drawing Rights (SDR 6,000,000).

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 a special account in its Central Bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

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

Section 2.03. The Closing Date shall be March 31, 1997, 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 a 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; (ii) at the rate set as of the June 30 immediately preceding the accrual date or 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 as of the next payment date in that year specified in Section 2.06 of this Agreement, except that the rate set as of June 30, 1988, shall be applied as of July 1, 1988.

(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 March 1 and September 1 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 March 1 and September 1 commencing March 1, 1999, and ending September 1, 2028. Each installment to and including the installment payable on September 1, 2008, 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 United Kingdom of Great Britain and Northern Ireland 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 its Ministry of Agriculture and Livestock Development with due diligence and efficiency and in conformity with appropriate administrative, financial and agricultural and livestock research practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

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

Section 3.03. The Borrower shall: (a) maintain its annual contribution to the recurrent research budget, at levels of at least the 1987/1988 value in real terms; (b) annually review with the Association and Donors such research budget; and (c) after acceptance of the Master Plan to be prepared under Part B of the Project, revise budget allocations for research in accordance with the recommendations of such Master Plan.

Section 3.04. The Borrower shall: (a) by not later than May 15, 1989, complete its study to identify the site for the headquarters for RTD; and (b) commence construction of said headquarters not later than December 31, 1989.

Section 3.05. The Borrower shall, by not later than June 30,

1989, establish the Research Advisory Committee of the National Commission for Science and Technology, with membership drawn from farmers' groups, academia, private industry and the government.

Section 3.06. The Borrower shall by December 31, 1989, have made institutional arrangements satisfactory to the Association, for the integration of UAC's functions into RTD.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

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

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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely, that:

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

(A) The right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

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

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified namely that the events specified in paragraph (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (ii) of that Section;

ARTICLE VI

Effective Date; Termination

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

(a) the Borrower has established RTD and appointed a head and division heads within RTD;

(b) the Borrower has appointed the task force to assist in implementing the consolidation of research services, referred to in paragraph 4 of Schedule 4 to this Agreement;

(c) the Borrower has set up the working parties to prepare the Research Master Plan referred to in paragraph 6 of Schedule 4 to this Agreement;

(d) all conditions precedent to the initial disbursement of the UK Grant and the West German Grant, other than the effectiveness of this Agreement have been fulfilled; and

(e) all conditions precedent to the effectiveness of the AfDF Loan, other than the effectiveness of this Agreement have been fulfilled.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The minister of the Borrower at the time responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Condi-

tions.

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

For the Borrower:

Ministry of Finance, Economic Affairs
and Planning
P.O. Box 9111
Dar es Salaam
United Republic of Tanzania

Cable address:

TREASURY
Dar es Salaam

Telex:

41329

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

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.

UNITED REPUBLIC OF TANZANIA

By /s/ A. M. Hyera
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ C. Koch-Weser
Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
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(1)	Civil works	1,000,000	100%
(2)	Vehicles and equipment	1,100,000	100%
(3)	Consultants' services and training	720,000	100%
(4)	Administrative capital costs	70,000	100%
(5)	Vehicle and equipment operating costs	360,000	100%
(6)	Research fund under Part F of the Project	2,000,000	100%
(7)	Refunding of Project Preparation Advance	360,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(8)	Unallocated	390,000	
	TOTAL	<u>6,000,000</u>	

2. For the purposes of this Schedule 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.

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; and

(b) payments made for expenditures under Category (6), with respect to research subprojects costing more than \$100,000 equivalent, until the Association has approved such research subproject.

SCHEDULE 2

Description of the Project

The objectives of the Project are to implement the first stage of developing an organized and efficiently managed agricultural and livestock research system within Tanzania.

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:

Establishment of a new organizational structure for agricultural and livestock research in Tanzania, including the construction of headquarters building.

Part B:

Preparation of a Master Plan for agricultural and livestock research, which in accordance with national policies, identifies

available resources and research activities ranked in order of priority, and defines the human, physical and financial resources required for each such activity.

Part C:

Provision of training for agricultural and livestock research staff to strengthen management and research methodology and to support the research programs referred to in Part D below.

Part D:

Support for identified cotton, root/tuber and farming research programs.

Part E:

Provision of urgently required vehicles, equipment and materials for ongoing research activities.

Part F:

Establishment of a research fund for crop and livestock research programs, in accordance with priorities agreed by the Borrower and the Association or contained in the Master Plan.

* * *

The Project is expected to be completed by September 30, 1996.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. (a) Bidders for the civil works under the Project shall be prequalified as described in paragraph 2.10 of the Guidelines.

(b) To the extent practicable, contracts for vehicles and equipment shall be grouped in bid packages estimated to cost the equivalent of \$100,000 or more each.

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 Tanzania may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Contracts for civil works estimated to cost less than the equivalent of \$500,000 each and for goods estimated to cost less

than the equivalent of \$100,000 each, may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Training aids and equipment may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers from at least three different countries, eligible under the Guidelines, in accordance with procedures acceptable to the Association.

3. Small off-the-shelf items estimated to cost less than the equivalent of \$20,000 per contract up to an aggregate amount not to exceed the equivalent of \$250,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

4. Proprietary spare parts, scientific journals and textbooks may be procured directly by negotiation with suppliers.

Part E: Review by the Association of Procurement Decisions

1. Review of prequalification:

With respect to the prequalification of bidders as provided in Part A.2 (a) hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

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

(a) With respect to each contract for civil works estimated to cost the equivalent of \$250,000 or more and for goods 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 said paragraph 2 (d) 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 subparagraphs (a) and (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

3. The figure of 15% 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

Implementation Program

Annual Work Programs

1. The Commissioner for Research and Training shall be responsible for Project implementation. MALD shall initially be responsible for establishing a core headquarters organization for RTD, appointment of division heads, setting up the consolidation/restructuring task force and the working parties to prepare the Research Master Plan. The core headquarters organization shall consist of the following divisions; crops, livestock, training and support services. In addition there shall be a unit for research planning, monitoring, evaluation and financial control in the Office of the Commissioner.

2. The Borrower shall cause RTD to prepare annual work programs to help organize Project implementation and to monitor progress. Such annual work programs shall include: (a) a review of Project implementation in the current year; (b) a detailed description of work to be carried out in the forthcoming year including objectives, deployment of staff and equipment; (c) any requirements for additional staff, equipment and inputs; (d) any requirements and arrangements for technical assistance, and local and foreign training; and (e) a budget and financing plan. The Borrower shall submit such annual work programs to the Association by September 30 of each year, commencing in 1989, and shall thereafter carry out such annual programs taking the Association's comments into account.

3. The Borrower shall not later than October 31, 1991, undertake a mid-term review of Project Implementation with the Association and Donors. Prior to such review by not later than August 31, 1991, the Borrower shall prepare a report in accordance with terms of reference agreed by the Borrower and the Association. Based on the results of the review, the Borrower and the Association shall agree on the use of the Research Fund established under Part F of the Project, as well as on changes that are needed to improve Project implementation.

Consolidation of Research Institutes

4. MALD research services will be consolidated with TARO, TALIRO and UAC into RTD. The Borrower shall establish a task force to be chaired by a member of RTD, with membership satisfactory to the Association. To assist the Borrower in carrying out this consolidation and to strengthen the Research Department's management capabilities, the Borrower shall employ consultants under terms and conditions satisfactory to the Association. The Borrower shall not later than October 31, 1989, furnish to the Association for review, a plan, including a timetable for consolidating the research services. The Borrower shall then implement such plan in accordance with the timetable following review by the Association.

5. In strengthening the Research Department's management capability, the Borrower shall install a management information system which shall include research program monitoring and evaluation. Uniform accounting procedures and methods shall be applied in all research institutes and centers to improve their systems in order to allow for the timely execution of their work programs.

Research Master Plan

6. The Borrower shall be responsible for the preparation of the Master Plan to be undertaken by the Commissioner of RTD assisted by staff members and consultants under terms and conditions

satisfactory to the Association. RTD shall appoint specific individuals to head working parties and a senior official as coordinator in preparing the Master Plan. The recommendations of the Agricultural Research Advisory Committee shall be sought during the preparation of the Master Plan. The Borrower shall by not later than December 31, 1990, furnish the completed Master Plan to the Association for its review.

7. The Master Plan shall review and define the resources available for the total agricultural and livestock research program and identify priority research areas over the short-, medium- and long-term. It shall rank individual research activities in order of priority, so that the research program shall be in accordance with available resources. It shall recommend what additional human and financial resources would be needed to carry out essential priority research activities. The Master Plan shall develop long-term staff development and training, including a five-year manpower development plan and review terms and conditions of employment of research staff.

8. The Master Plan shall provide the details of the decentralized zonal research station system, which the Borrower has decided to implement. The Master Plan shall, inter alia, study TPRI to determine whether or not TPRI's current activities should be integrated into RTD.

9. The Borrower shall present the Master Plan to Donors and shall thereafter invite Donors to annual planning meetings to coordinate assistance to agricultural and livestock research. Commencing in 1992, the Borrower shall annually update its National Agricultural Research Plan, and furnish it to the Association for its review by March 31 in each year.

10. The Borrower shall, commencing in 1992: (a) introduce a review of research by an independent panel every four years to provide an external evaluation of research programs; and (b) consult with the Association on the terms of reference and composition of such independent panel.

Research/Extension Linkages

11. The Borrower shall undertake a farming systems research program and develop regular contacts between research and extension workers, to ensure that farmers' problems are investigated and that research results are provided to the extension service for advise to the farmers. The Borrower shall second a senior extension staff member to each FSR team to work as research-extension liaison officer. He shall organize workshops on a regular basis preferably monthly, but at least quarterly, at which the FSR team and such other research specialists, as may be needed, shall meet with extension subject matter specialists and staff supervisors. In addition such staff members shall organize an annual research extension workshop, to be held at zonal research stations, at the time when research program planning takes place, in order to: (a) ensure an input by the extension service in the planning of the zonal research program; (b) plan the seasonal extension timetable and timing of the regular research/extension workshops; and (c) plan the on-farm trials programs.

Staff Development and Training

12. A comprehensive long-term training program shall be prepared under the Master Plan. Until the Master Plan is implemented a training program, shall commence with short-term training, lasting two to four weeks, for research managers and in research methodology, at appropriate local institutions. Similar training shall be provided for planning, budgeting, financial management and control, as well as for upgrading accountancy standards. Special training for selected senior research manager shall be undertaken overseas. Scientists and technicians shall be trained through a variety of means including degree and diploma programs, training

courses at International Research Centers, study tours and exchange programs. The Borrower shall furnish the training program to the Association for its review by not later than September 30, 1989.

Research Fund

13. The Research Fund shall finance research subprojects according to identified priorities and within resources specified by the Master Plan. Funding shall be available for all expenditures except local recurrent costs. The Planning, Monitoring and Evaluation Unit within RTD shall collaborate with the different research units to prepare subprojects. Sub-projects shall be reviewed by the Commissioner of RTD, assisted by a panel comprising the division heads within the department. All subprojects costing more than \$100,000 each, shall thereafter be submitted to the Association for approval prior to funding under the Project.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (6) 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 SDR 300,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, 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) The Borrower shall furnish to the Association requests for replenishment of the Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association when either of the following situations first arises:

- (i) 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
- (ii) the total unwithdrawn amount of the Credit allocated to the eligible Categories minus 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 be equal to the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Association into the Special Account shall be made until the Borrower has made such deposit or refund.

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

