

CONFORMED COPY

CREDIT NUMBER 2292 ZR

(National Agricultural Research Project)

between

REPUBLIC OF ZAIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 9, 1991

CREDIT NUMBER 2292 ZR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 9, 1991 between the REPUBLIC OF ZAIRE (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 Borrower has received from the United Nations Development Program (UNDP) a grant in an amount of \$9,812,000 and from the United States of America (USAID) a grant in an amount of \$20,000,000, to assist in financing the Project on the terms and conditions set forth in agreements entered into between the Borrower and UNDP and USAID, respectively; 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 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) "Ministry" means the ministry of the Borrower responsible for scientific research;

(b) "Institute" means the National Agricultural Research Institute (INERA), a public enterprise of the Borrower established and operating under Ordonnance No. 78-211 dated May 5, 1978, as amended from time to time;

(c) "SENARAV" means the National Applied Agricultural Research and Extension Services;

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

(e) "Steering Committee" means the committee maintained by the Borrower pursuant to paragraph 1 of Schedule 4 of this Agreement;

(f) "Programming Committee" means the committee maintained by the Borrower pursuant to paragraph 2 (a) of Schedule 4 to this Agreement; and

(g) "Project Preparation Advance" means the two project preparation advances granted by the Association to the Borrower pursuant to exchanges of letters dated January 15, 1988, and May 27, 1988; and October 31, 1990 and December 26, 1990 between the Borrower and the Association.

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 twelve million four hundred thousand Special Drawing Rights (SDR 12,400,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of this Section and 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 deposit account 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 Account shall be made in accordance with the provisions of Schedule 3 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 June 30, 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 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 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 from the next payment 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 per cent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on February 15 and August 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each February 15 and August 15 commencing February 15, 2002 and ending August 15, 2031. Each installment, including the installment payable on August 15, 2011, 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.

Section 2.09. The Institute is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V 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 Institute with due diligence and efficiency and in conformity with appropriate economic, financial, administrative, scientific 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 the Borrower shall make its budgetary contribution to the Institute by monthly payments in advance.

(c) 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 5 to this Agreement.

Section 3.03. For the purposes of carrying out Part C.2 and 3 of the Project, the Borrower shall cause the Institute to: (a) prepare for each year a detailed training program and submit it by June 30 of each year to the Association for its review and comments; and (b) promptly carry out said training program as agreed upon with the Association.

Section 3.04. The Borrower shall cause the Institute to: (a) submit to the Association for its approval the names and qualifications of candidates selected by the Institute to undertake any upgrading training under Part C of the Project; and (b) take all necessary measures to secure for at least four years the services of fellowship recipients in the positions for which they shall have been trained.

ARTICLE IV

Financial Covenants

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

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, and the accounts and financial statements of the Institute, audited for each fiscal year in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish or cause to be furnished to the Association, as soon as available, but in any case not later than six months after the end of each such year, certified copies of the reports of such audits by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish or cause to be furnished to the Association such other information concerning said records, accounts and financial statements and the audits 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 or payment out of the Special 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 be included in the annual audits referred to in paragraph (b) of this Section and that the reports of such audits contain separate opinions 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.

(d) The Borrower shall ensure that such annual audits include reviews of the procedures utilized in the procurement of goods and works for the Project and financed out of the proceeds of the Credit, and that the reports of the auditors confirm the results of such reviews.

Section 4.02. The Borrower shall ensure that the Institute be at all times provided as and when needed with the funds and other resources necessary for it to carry out its programs and shall release to it its annual budget allocations in at least quarterly installments.

ARTICLE V

Remedies of the Association

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

- (a) Ordonnance No. 78-211 dated May 5, 1978 shall have been

amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Institute to carry out the Project;

(b) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Institute on the suspension of its operations;

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

(A) the right of the Borrower to withdraw the proceeds of any loan or grant 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 thereof; or

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

(ii) Sub-paragraph (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 any event specified in paragraph (c) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (c) (ii) of that Section.

ARTICLE VI

Effective Date; Termination

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

(a) the Borrower has reduced the staff of the Institute and SENARAV as actually on the payroll on June 30, 1990 by an aggregate of 300 persons and has terminated all staff previously employed for research stations not included in the list of ten research stations included in the Project with the exception of 25 persons for each of the stations which shall have not yet been leased out;

(b) the Borrower has established: (i) the Steering Committee in accordance with the provisions of paragraph 1 of Schedule 4 to this Agreement; and (ii) the Programming Committee;

(c) the Borrower has established a Directorate of Research Support Services within the Institute;

(d) the Borrower has paid all outstanding debt incurred by the Institute before December 31, 1989; and

(e) the Borrower has recruited the experts required to establish an accounting system and revalue the assets of the Institute in accordance with terms of reference satisfactory to the Association.

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.

Section 6.03. The obligations of the Borrower under Article IV of this Agreement shall cease on the date on which this Agreement shall terminate or on the date 15 years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Minister of the Borrower 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:

Ministcre des Finances
Bocte Postale 12997
Kinshasa 1
Republic of Zaire

Cable address:	Telex:
MINIFIN	21162

For the Association:

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

Cable address:	Telex:
INDEVAS Washington, D.C.	248423 (RCA) 82987 (FTCC) 64145 (WUI) or 197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF ZAIRE

By /s/ Tatanene Manata
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Francisco Aguirre-Sacasa
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
(1) Civil works	5,590,000	100%
(2) Vehicles and equipment	1,070,000	100%
(3) Consultants' services	1,100,000	100%
(4) Training	490,000	100%
(5) Incremental operating costs	1,890,000	100%
(6) Refunding of Project Pre- paration Advance	960,000	Amount due pur- suant to Section 2.02 (c) of this Agreement
(7) Unallocated	1,300,000	
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TOTAL	12,400,000	
	=====	

2. To the extent that the amount allocated to Category (6) above exceeds the amount due, the excess will be reallocated to Category (7).

3. For the purposes of this Schedule, the term "incremental operating costs" as used in Category (5) above means the costs of operating and maintaining vehicles used in the carrying out of the Project, of travel expenses, of office, agricultural and laboratory supplies, of utilities (electricity, water, telecommunications, and natural gas) and of any other items approved for financing by the Association.

4. 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 integrate and strengthen agricultural research, make it more responsive to the needs and constraints of the producers of food and industrial crops in Zaire, with priority given to small-scale farmers, and thus support the first five years of the Borrower's National Agricultural Research Program.

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: Priority Research Programs

1. Carrying out of nationally coordinated, multi-disciplinary research programs, including studies in epidemiology, on- and off-station, for crop production (including cassava, maize, rice, grain legumes, potato, cotton, oil palm, and coffee), animal production (cattle and small ruminants), conservation of natural resources (including soil management, erosion control, agro-forestry and integrated pest management), farming systems, and germ-plasm conservation. These research programs shall be carried out at the Institute's headquarters, on the following ten stations: Mvuazi, Luki, Kiyaka, Gandajika, Kipopo, Mulungu, Nioka, Yangambi, Bambesa and Kaniameshi and in the real environment in cooperation with the Service National de Vulgarisation (SNV), farmers and relevant Non-Governmental Organizations.

2. Establishing a programming, monitoring and evaluation unit and a biometrics unit to improve the quality of research through the introduction of standard experimental protocols, improved research design, biometrical analysis and staff training.

3. Strengthening of the technology transfer process, through institutionalizing research extension linkages.

Part B: Institutional Strengthening of the Institute

1. Integration of all ongoing research activities under a national agricultural research program, and merging of SENARAV into the Institute.

2. Strengthening the Institute's research management, station management, and administrative and financial management through development of improved accounting systems, staff training, and the procurement for its operations of new equipment.

3. Strengthening of the Institute's research, programming and budgeting and priority-setting capacity and its monitoring and evaluation function through the establishment of an internal and external auditing and research program evaluation system, and the periodic review of the Agricultural Master Plan.

4. Strengthening of the Institute's linkages with other research organizations through participation of research staff in national and international seminars, workshops and scientific congresses, and training at research organizations abroad.

5. Reorganization of the Institute's library, publications and editorial services.

6. Establishment of a plan for the creation of a laboratory network.

7. Improvement of the Institute's capacity for donor and interministerial coordination through the Borrower's Steering Committee.

Part C: Human Resource Development

1. Completion of a human resources plan for the staff of the Institute.

2. Improvement of personnel management and recruitment policies and procedures through training.

3. Provision of post-graduate education and upgrading training of scientific, technical and administrative staff.

Part D: Rehabilitation of Physical Plant and Equipment of the Institute

1. Construction and rehabilitation of housing, operational buildings and related facilities, improvement of the experimental farm area, rehabilitation of farm roads, access roads and airstrips,

and irrigation and drainage systems, as appropriate, of the following research stations: Mvuazi, Luki, Kiyaka, Gandajika, Kipopo, Mulungu, Nioka, Yangambi, and Bambesa.

2. Building and refurbishing of the Institute's headquarters in Kinshasa.

3. Procurement of furniture and equipment for offices and guest houses of irrigation, drainage, laboratory and storage equipment, and of vehicles, including tractors and agricultural equipment, micro computers and publishing equipment.

Part E: Communication and Information Systems Development

1. Improvement of the telecommunication system between the head office of the Institute and its research stations, the computerization of the accounting system, and the establishment of a Biometrics Unit, a computerized research data bank, hardware and related software training.

2. The updating of the supply of scientific information to research staff, the introduction of a systematic information system, through cooperation with international data banks and the acquisition of scientific publications, hardware and software and staff training.

3. The publication in Zaire of Annual Reports of the Institute and of technical bulletins and an agricultural magazine.

* * * *

The Project is expected to be completed by December 31, 1996.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project 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 \$100,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for 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 Account, the

Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence 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 Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

- (b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

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

- (b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the

Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

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

SCHEDULE 4

Implementation Program

Donor and Interministerial Coordination

1. To facilitate the carrying out and financing of the Project, the Borrower shall maintain until the completion of the Project a Steering Committee comprising representatives of its Ministries responsible for Planning, Budget, Finance, Agriculture, and Scientific Research and the Director General of the Institute. Donors involved or interested in contributing to agricultural research in Zaire shall be invited to attend meetings of the Steering Committee.

Research - Extension - Farmers Interactions

2. The Borrower shall cause the Institute, with a view to strengthening the linkages with extension services and farmers, to take all necessary measures to ensure that:

(a) a National Agricultural Research Programming Committee, comprising researchers, extension staff, and representatives of farmers and relevant Non-Governmental Organizations be established and meet at least once a year to review research achievements and work programs and shall also be involved in the mid-term reviews of major research programs and the mid-term review of overall project activities;

(b) an extensive network of on-farm trials with the participation of extension staff and farmers shall be carried out.

(c) researchers shall participate in diagnostic surveys, the training of extension staff and the preparation of extension messages; and

(d) the regional extension/research committee be established, starting in 1992, within the regions of Kasai, Bandundu and Kivu to enhance and monitor the technology transfer around each research station.

Staffing and Reorganization of the Institute

3. The Borrower shall ensure that the positions in the Institute of Director General, Scientific Director, Director of Finance and Administration, Director of Research Support Services, and the Chiefs of National Programs be held at all times by persons with relevant qualifications and professional experience.

4. By June 30, 1992, the Borrower shall cause the Institute to establish four new units: an Internal Audit Unit and a Human Resources Development Unit under the Director General, the Biometrics Unit and the Programming, Monitoring and Evaluation Unit under the Scientific Director.

5. By December 31, 1992, the Borrower shall cause the Institute to reduce its staff by an aggregate of 300 persons in addition to the reduction referred to in Section 6.01 of this Agreement and to terminate all the employees still assigned to any research station

not included among the 10 stations referred to under Part A.1 of the Project.

Programming, Budgeting and Evaluation

6. The annual work program and the budget shall be reviewed and approved as follows:

(a) in September of each year, the Institute will submit to the Programming Committee, the research achievements of the previous year and the draft work program for the following year;

(b) the amended work program, a budget proposal (broken down into separate chapters for overhead, investments and research programs) and a financing plan proposal will be submitted by end October to the Steering committee; and

(c) By December 31 of each year, submit to the Association for approval the final annual work program and budget taking into account the actual financing available.

7. In order to monitor the implementation of research programs and make necessary adjustments in time, the Borrower shall cause the Institute to carry out mid-term reviews of major research programs by teams comprising the scientists involved in the program, consultants of international repute in the topic and representatives of end-users. The reports of such mid-term reviews shall be submitted to the Programming Committee and the Steering Committee. The Institute will submit to the Association, by June 30, 1993, a timetable of the mid-term reviews of major research programs. The Institute will also submit to the Association, proposals of terms of reference, composition of the team and budget, at least 3 months prior to the beginning of each mid-term review.

8. The Institute will carry out a mid-term review of the project overall activities by June 30, 1994, under terms of reference acceptable to the Association. The report of the project mid-term review will be submitted to the Steering Committee and project scope could be adjusted in order to take account of actual implementation problems.

Reporting

9. The Borrower shall cause the Institute to furnish to the Association by June 30 of each year an annual report on its activities and operations for the preceding year.

Surveys

10. The Borrower shall cause the Institute to start the epidemiological survey and the disease survey on livestock and palm oil trees not later than June 30, 1992.

Integration of SENARAV into the Institute

11. By December 31, 1992, the Borrower shall take all necessary measures to integrate SENARAV into the Institute.

SCHEDULE 5

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. To the extent practicable, contracts shall be grouped into bid packages large enough to attract the most bidders.

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 Zaire 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 or rehabilitation estimated to cost the equivalent of less than \$250,000 per contract and contracts for the purchase of vehicles or equipment estimated after grouping to cost the equivalent of less than \$100,000 may be procured on the basis of competitive bidding, advertised locally, in accordance with paragraph 3.3 of the Guidelines.

2. Contracts for goods which can be supplied only by less than three suppliers may be awarded after direct negotiations with such suppliers in accordance with paragraph 3.5 of the Guidelines, subject to the prior approval of the Association.

Part E: Review by the Association of Procurement Decisions

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

(a) With respect to each contract estimated to cost the equivalent of \$50,000 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 3 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.

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

Section II. Employment of Consultants, Specialists and Auditors

In order to assist the Borrower in carrying out the Project, and to carry out the audits required under Section 4.01 of this Agreement, the Borrower shall employ such consultants, specialists and auditors, whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association,

as shall be agreed between the Borrower and the Association. Such consultants, specialists and auditors 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.

