

CONFORMED COPY

LOAN NUMBER 3405 AL

(Sahara Regional Development Project)

between

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 6, 1992

LOAN NUMBER 3405 AL

LOAN AGREEMENT

AGREEMENT, dated November 6, 1992, between DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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 Bank to assist in the financing of the Project; and

WHEREAS: (B) the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan 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 Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined

in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Project Area" means the Oued R'hir valley located in the northern Sahara region of the Borrower's territory;

(b) "Study on Water Resources in the Sahara" means the study dated July 1983 carried out by the United Nations Development Program on the water resources in the northern Sahara region of the Borrower's territory;

(c) "Project Area Agency" means the agency to be established by the Borrower pursuant to the provisions of Section 3.02 of this Agreement;

(d) "CDARS" means the Borrower's Commission for the Agricultural Development of the Sahara Regions (Commissariat au Developpement de l'Agriculture des Regions Sahariennes), established and operating pursuant to the Borrower's Decree No. 86-92, dated April 22, 1986;

(e) "Project Execution Entities" means the following departments or agencies of the Borrower responsible for carrying out the Project, or any part thereof: (i) Agence Nationale de Realisation et de Gestion des Infrastructures Hydrauliques pour l'Irrigation et le Drainage, established and operating pursuant to the Borrower's Decree No. 87-181, dated August 18, 1987; (ii) Agence Nationale de Ressources Hydrauliques, established and operating pursuant to the Borrower's Decree No. 81-167, dated July 25, 1981, as amended by the Borrower's Decree No. 87-129, dated May 19, 1987; (iii) Direction de l'Hydraulique, established and operating pursuant to the Borrower's Decree No. 90-328, dated October 27, 1970; (iv) Direction des Services Agricoles, established and operating pursuant to the Borrower's Decree No. 90-195, dated June 23, 1990; (v) Institut de Technologie de l'Agriculture Saharienne, established and operating pursuant to the Borrower's Decree No. 71-255, dated October 19, 1971; and (vi) Institut Technique de Developpement de l'Agronomie Saharienne, established and operating pursuant to the Borrower's Decree No. 86-117, dated May 6, 1986;

(f) "Central Bank" means the Borrower Central Bank (Banque d'Algerie), established and operating pursuant to the Borrower's Law No. 90-10, dated April 14, 1990; and

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

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, various currencies that shall have an aggregate value equivalent to the amount of fifty-seven million dollars (\$57,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank 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 Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special deposit account in the Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1997, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period

equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on January 15 and July 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

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 with due diligence and efficiency and in conformity with sound agricultural, environmental, administrative, financial, economic and technical 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 Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 6 to this Agreement.

Section 3.02. The Borrower shall take all action necessary to establish and

thereafter maintain a Project Area Entity, all in accordance with the provisions of the Borrower's Law No. 88-01, dated January 12, 1988, and its Decrees Nos. 85-260 and 85-261, dated October 29, 1985, charged with the responsibility for operating and maintaining the main drainage network and the principal extraction systems from the deep aquifer in the Project Area, and for providing repair and maintenance services to farmers in the Project Area.

Section 3.03. In order to facilitate the efficient carrying out of the Project, the Borrower shall maintain the Project Execution Entities, and shall take all necessary measures to ensure that each of said entities is staffed with the requisite personnel and is provided with adequate resources.

Section 3.04. Except as the Bank 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 Loan shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Financial and Other Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained separate 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 Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan 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 Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan 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 Bank'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.

Section 4.02. In order to ensure the balanced and environmentally sound development of the northern Sahara region of the Borrower's territory, the Borrower shall take all measures necessary to ensure that:

(a) The use of the groundwater resources in said region shall be planned in accordance with the recommendations of the Study on Water Resources in the Sahara;

(b) All future development of said region shall be undertaken on the basis of: (i) the development plans referred to in Part A(4)(b) of the Project; and (ii) the program to be developed and carried out under Part A(2)(a) of the Project, in respect of monitoring and managing ground water resources in said region; and

(c) Prior to the preparation and carrying out of said development plans and program: (i) the further development of irrigation systems within said region shall be limited to the land areas previously allocated; and (ii) the allocation of new lands for irrigation purposes shall be regulated so as to ensure consistency with the exploitable potential of the water resources in said region pursuant to the recommendations of the Study on Water Resources in the Sahara.

Section 4.03. In order to ensure the proper operation and maintenance of the irrigation and drainage systems included in the Project Area, and the recovery of a reasonable portion of the costs associated with said systems from the farmers and other beneficiaries of said systems, the Borrower shall:

(a) Take all measures necessary to ensure that the contracts for the rehabilitation of each date palm plantation shall be awarded only after arrangements acceptable to the Bank shall have been concluded between the Borrower, through the Project Area Agency, and the beneficiaries of the irrigation and drainage systems in respect of at least seventy-five percent (75%) of the area subject of each such contract, so as to ensure the proper operation and maintenance by said beneficiaries of said systems and the recovery from said beneficiaries of the costs referred to in paragraph (b) of this Section which are allocable thereto, all in accordance with the provisions of said paragraph;

(b) (i) Establish and, through the Project Area Agency, collect, commencing not later than December 31, 1996, charges sufficient to recover (A) from the beneficiaries of the drainage network, included in the Project Area, which is common to more than one oasis, not less than 100% of the recurrent costs of operating and maintaining said network, and (B) from the beneficiaries of the well drilling and construction works and related drilling and pumping equipment and irrigation and drainage works, carried out under Part B of the Project, a reasonable part of the investment costs of said works; and (ii) to that end, furnish to the Bank, not later than December 31, 1992, for its consideration and comment, the proposed schedule of such charges to be applied and collected as aforesaid, together with any explanatory material, data or other information pertaining thereto which may be reasonably required by the Bank; and

(c) Until such time as the charges referred to in paragraph (b) of this Section are established, provide or cause to be provided to the Project Area Agency financial and other resources adequate to enable it to properly operate and maintain the main drainage system included in the Project Area.

ARTICLE V

Effective Date; Termination

Section 5.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the Borrower shall have established the Project Area Entity referred to in Section 3.02 of this Agreement, pursuant to the provisions thereof.

Section 5.02. 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 VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Economy of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

(2) Goods	12,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 85% of local expenditures for other items procured locally
(3) Consultants' services and training	3,000,000	100%
(4) Unallocated	5,000,000	
TOTAL	57,000,000	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(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.

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 the Borrower in developing: (1) the northern Sahara region of its territory, in an environmentally sound manner; and (2) institutional capabilities relating to the development planning of, and the management of water resources in, said region.

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

Part A: Institutional Development

(1) Carrying out of a program to strengthen the Borrower's capabilities in the planning of agricultural development in its Sahara region;

(2) Developing and implementing a program to monitor and manage: (a) the quality and quantity of ground water resources in the Sahara region; (b) soil salinity in the Project Area; and (c) the quality of water flowing through the drainage collectors in the Project Area.

(3) Carrying out of a program to strengthen the Borrower's applied agricultural research programs and agricultural extension and related training programs, with particular reference to the Project Area.

(4) Carrying out of a program to: (a) define a general strategy for the agricultural development of the Sahara region; (b) prepare and implement development plans for the northern Sahara region, based, inter alia, on suitable environmental assessments of such region; and (c) develop detailed proposals for the further development of the Project Area.

(5) Provision of equipment and vehicles required for the carrying out of Parts A (1) through A (4) of the Project.

(6) Staffing and equipping of, and provision of vehicles to: (a) the Project Area Agency; and (b) the CDARS for the monitoring and coordination of Project implementation.

(7) Provision of training to staff of the Project Execution Entities for the carrying out of the Project.

Part B: Rehabilitation of Oases in the Oued R'hir Basin

Carrying out of a program to rehabilitate date palm plantations in the Project Area, consisting of:

- (1) Drilling of wells and provision of related pumping equipment and installations, and closure of deteriorated and non-operational wells.
- (2) Rehabilitation and upgrading of irrigation and drainage networks and related service roads.
- (3) Provision of equipment and vehicles required for the carrying out of Part B of the Project.

Part C: On-farm Development

Provision of farm machinery and implements to be made available to farmers in the Project Area under arrangements satisfactory to the Bank.

* * *

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

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each January 15 and July 15	
beginning January 15, 1997	2,375,000
through July 15, 2008	

* The figure in this column represents dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than eleven years before maturity	0.65
More than eleven years but not more than fifteen years before maturity	0.88
More than fifteen years before maturity	1.00

SCHEDULE 4

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 1985 (the Guidelines).

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

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 Borrower's territory 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. Goods and works estimated to cost the equivalent of one hundred thousand dollars (\$100,000) or less per contract, up to an aggregate amount equivalent to one million dollars (\$1,000,000), may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Goods estimated to cost the equivalent of twenty thousand dollars (\$20,000) or less per contract, up to an aggregate amount equivalent to five hundred thousand dollars (\$500,000), 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 Bank.

Part D: Review by the Bank of Procurement Decisions

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

(a) With respect to: (i) each contract for works estimated to cost the equivalent of five hundred thousand dollars (\$500,000) or more; and (ii) each contract for goods estimated to cost the equivalent of one hundred and fifty thousand dollars (\$150,000) 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 Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank 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, said 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 Bank pursuant to said paragraph 3 shall be furnished to the Bank 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 the Bank has authorized withdrawals on the basis of statements of expenditure.

2. The figure of twenty percent (20%) is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

Consultants' services shall be procured under contracts awarded to consultants: (A) whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank; and (B) who shall be selected in accordance with principles and procedures satisfactory to the Bank 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 5

Special Account

1. For the purposes of this Schedule:

(a) The term "Eligible Categories" means Categories (1), (2) and (3) 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 Loan 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 two million dollars (\$2,000,000) to be withdrawn from the Loan Account and deposited in 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 Bank 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 Bank 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 Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in 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 Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall

furnish to the Bank 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 Bank shall, on behalf of the Borrower, withdraw from the Loan 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 Bank from the Loan 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 Bank shall reasonably request, furnish to the Bank 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 Bank shall not be required to make further deposits into the Special Account:

(a) If, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan 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 Loan allocated to the Eligible Categories, less the amount of any outstanding special commitment entered into by the Bank 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 Loan Account of the remaining unwithdrawn amount of the Loan allocated to the Eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank 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 Bank 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; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank 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 Bank 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 Bank, refund to the Bank such outstanding amount.

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

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

SCHEDULE 6

Implementation Program

1. The Borrower shall develop the programs, included in Part A (2) (b) and A (2) (c) of the Project, to monitor soil salinity and the quality of water collected in the drainage collectors within the Project Area, so as to ensure that said programs are operational not later than June 30, 1993.

2. The Borrower shall develop the program, included in Part A (2) (a) of the Project, to monitor the quality and quantity of groundwater resources so as to ensure that said system is operational not later than December 31, 1993.

3. The Borrower shall take all measures necessary to ensure that the development plans, included in Part A (4) (b) of the Project, shall be prepared not later than December 31, 1994.

4. The Borrower shall carry out the well closure program, included in Part B (1) of the Project, to ensure the closure, not later than December 31, 1996, of all deteriorated and non-operational wells in the Project Area.

