

CONFORMED COPY

LOAN NUMBER 3216 AL

(Agricultural Research and Pilot Extension Project)

between

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated September 26, 1990

LOAN NUMBER 3216 AL

LOAN AGREEMENT

AGREEMENT, dated September 26, 1990, 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) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(b) "Central Bank" means the Borrower's Central Bank (Banque Centrale d'Algerie), established and operating pursuant to the Borrower's Law No. 62-144, dated December 13, 1962;

(c) "MOA" means the Borrower's Ministry of Agriculture (Ministcre de l'Agriculture), or any successor thereto;

(d) "CFVA" means each of the Borrower's Training and Extension Centers (Centres de Formation et de Vulgarisation Agricole) located at Ain Taya, Ain Bessem, Bougara, Medea and Mechtras, established and operating pursuant to the Borrower's Decree No. 85-247, dated October 15, 1985; and "CFVAs" means, collectively, all of the said training and extension centers;

(e) "CNPA" means the Borrower's National Center for Agricultural Training (Centre National de Pedagogie Agricole), established and operating pursuant to the Borrower's Ordonnance No. 67-171, dated August 31, 1967, as supplemented by the Borrower's Ordonnance No. 71-40, dated June 17, 1971;

(f) "INPV" means the Borrower's National Institute for Crop Protection (Institut National de Protection de Vegetaux), established and operating under the supervisory authority of the MOA pursuant to the Borrower's Ordonnance No. 75-11, dated February 27, 1975;

(g) "INRA" means the Borrower's National Institute for Agricultural Research (Institut National de Recherche Agronomique), established and operating pursuant to the Borrower's Ordonnance No. 66-78, dated April 11, 1966 as revised and supplemented by the Borrower's Ordonnance No. 70-66, dated October 14, 1970;

(h) "ITEBO" means the Borrower's National Institute for Cattle and Sheep Raising (Institut Technique d'Elevage Bovin et Ovin), established and operating pursuant to the Borrower's Decree No. 87-238, dated November 3, 1987;

(i) "ITGC" means the Borrower's National Institute for Field Crops (Institut Technique des Grandes Cultures), established and operating pursuant to the Borrower's Decree No. 87-236, dated November 3, 1987;

(j) "CRRAs" means any of the Borrower's following regional agricultural research centers (Centres Regionaux de Recherche Agricole): Lamtar, Tiaret, Setif, Oued Smar and El Khroub, established and operating pursuant to the provisions of Section 3.08 of this Agreement; and "CRRAs" means, collectively, all of the said regional agricultural research centers;

(k) "Agricultural Research Implementation Program" means the program referred to in Section 3.01 (b) (i) of this Agreement;

(l) "Agricultural Extension Implementation Program" means the program referred to in Section 3.01 (b) (i) of this Agreement;

(m) "Wilaya" means each of the following administrative divisions of the Borrower, as organized by the Borrower's Code de la Wilaya, dated May 23, 1969 (Ordonnance No. 69-38) . Ain Defla; Tipaza; Blida; Bouira; Medea; and Tizi-Ouzou;

(n) "Daira" means each of the following administrative subdivisions of the Borrower: Djendel; El Attaf; Djelida; Miliana; Larba; Boufarik; El Affroun; Ain Bessem; Haizer; Lakhdaria; M'Chedallah; Beni-Slimane; Berrouaghia; Tablat; Chercshell; Hadjout; Kolea; Azazga; Azzefoun; and Ouaguenoun; and "Dairat" means, collectively, all of each said Daira;

(o) "BFV" means each Wilaya's agricultural service office in charge of said Wilaya's agricultural training and extension programs; and "BFVs" means, collectively, all of the said service offices; and

(p) "Fiscal Year" means the twelve (12) month period corresponding to any of the Borrower's, or any of its agencies' or entities' or divisions' (referred to in Section 3.01 (b) (ii) of this Agreement), fiscal year, which period coincides with the calendar year commencing January 1 and ending December 31.

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 thirty-two million dollars (\$32,000,000), 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 6 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1996 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 semi-annually on February 15 and August 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 through the agencies or entities or divisions listed in subparagraph (b) (ii) of this Section, with due diligence and efficiency and in conformity with appropriate administrative, financial, economic and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) (i) Without limitation or restriction upon the provisions of paragraph (a) of this Section, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall take or cause to be taken all measures necessary to ensure that Part A of the Project shall be carried out in accordance with the Agricultural Research Implementation Program, and that Part B of the Project shall be carried out in accordance with the Agricultural Extension Implementation Program, as each said program is set forth in Schedule 5 to this Agreement.

(ii) Without any limitation or restriction upon the provisions of paragraph (a) of this Section, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the following agencies or entities or divisions shall participate in the carrying of the stated corresponding Part of the Project: Part A of the Project: INRA; ITGC; INPV; and ITEBO; and Part B of the Project: CNPA; CFVA; and the Wilayat by the intermediary of their respective BFV.

(iii) The Borrower shall enter into agreements or make arrangements, as the case may be, satisfactory to the Bank, with each of the agencies or entities or divisions, referred to in subparagraph (b) (ii) of this Section, providing for their respective obligations in the carrying out of such parts of the Project, and shall make available to said agencies or entities or agencies part of the proceeds of the Loan allocated for the carrying out of such parts of the Project.

Section 3.02. Not later than December 31, 1993, and annually thereafter, the Borrower shall review with the Bank, the progress achieved in the carrying out of Part A of the Project, and the Borrower shall, on the basis of said review, promptly thereafter prepare a national research program.

Section 3.03. Not later than December 31, 1993, and December 31, 1996, the Borrower shall review with the Bank the progress achieved in the carrying out of Part B of the Project, and shall, on the basis of each said review, promptly thereafter prepare a national extension program.

Section 3.04. Without any limitation or restriction to the provisions of Section I.D. of Schedule 5 to this Agreement, not later than December 31, 1991, the Borrower

shall ensure, or cause to be ensured, that each of INRA, ITGC, INPV and ITEBO shall apply to its respective agricultural research staff a salary and employment benefits structure equivalent to that applied in the Borrower's higher education institutions and universities.

Section 3.05. Without any limitation or restriction to the provisions of Section I.E of Schedule 5 to this Agreement, the Borrower shall: (i) not later than June 30, 1992, develop, on the basis of guidelines satisfactory to the Bank, and thereafter cause each of INRA, ITGC, INPV and ITEBO to apply, for purposes of carrying out Part A of the Project, budgeting, financial and accounting policies and procedures satisfactory to the Bank; and (ii) not later than December 31, 1992, assign to each of the CRRAs in Lamtar, El Khroub, Setif, Tiaret and Oued Smar qualified accounting agents, which agents shall be responsible for, inter alia, issuing payment orders by said CRRAs.

Section 3.06. Not later than December 31, 1991, the Borrower shall develop, on the basis of guidelines satisfactory to the Bank, and thereafter: (i) cause CNPA to apply, for purposes of carrying out Part B of the Project, budgeting, financial and accounting policies and procedures satisfactory to the Bank; and (ii) cause the BFVs to apply said policies and procedures in respect of the activities to be carried out under Part B of the Project within their respective Walayat.

Section 3.07. (a) Not later than October 31 of each calendar year, beginning calendar year 1990, the Borrower shall furnish to the Bank, for its review and comments, the Borrower's proposed annual investment program for the immediately following calendar year in respect of Parts A and B of the Project.

(b) Not later than December 15 of each calendar year, beginning calendar year 1990, the Borrower shall furnish to the Bank, for its review and comments, the Borrower's proposed annual national investment programs, for the immediately following calendar year, in respect of its agricultural research and extension subsector. Representatives of the Borrower and the Bank shall meet promptly thereafter to exchange views on said programs.

Section 3.08. Not later than December 31, 1991, the Borrower shall take all action necessary to ensure that its experimental stations at Lamtar, Setif, Oued Smar, El Khroub and Tiaret are designated as CRRAs and are provided with the resources needed for the successful carrying out of the Project.

Section 3.09. 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 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 agencies or entities or divisions 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 (1) year after the Bank has received the audit report for the Fiscal Year in which the last withdrawal from the Loan 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.

ARTICLE V

Other Covenants

Section 5.01. The Borrower shall cause each of INRA, CNPA, ITGC, INPV and ITEBO:

- (a) to take out and maintain with responsible insurers, or to make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;
- (b) to carry on its operations and conduct its affairs in accordance with sound administrative, financial, economic and agricultural practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and
- (c) at all times to operate and to maintain its plants, machinery, equipment and other property, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial, economic and agricultural practices.

Section 5.02. Not later than June 30, 1991, the Borrower shall take or cause to be taken all action, satisfactory to the Bank, to vest INRA with all powers and authority needed to enable it to plan, coordinate and allocate the necessary resources for the provision of agricultural research services within the Borrower's territory.

ARTICLE VI

Remedies of the Bank

Section 6.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified:

- (a) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of INRA, CNPA, CFVA, ITGC, INPV, ITEBO or a BFV; and
- (b) Any one or more of the decrees, laws or orders referred to in paragraphs (d), (e), (f), (g), (h), (i) or (j) of Section 1.02 shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the carrying out of the Project or any part thereof.

Section 6.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely, that any of the events specified in paragraphs (a) and (b) of Section 6.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower.

ARTICLE VII

Effective Date; Termination

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) The Borrower shall have established, or caused to be established, the sub-project management units referred to in Sections I.A.2. and II.A.2. of Schedule 5 to this Agreement;

(b) The Borrower shall have established, or caused to be established, the National and Regional Commissions for Programming of Agricultural Research referred to in Section I.B.1 of Schedule 5 to this Agreement; and

(c) The Borrower shall have prepared and submitted to the Bank, for its review and approval, the training program referred to in Part A.4. of the Project.

Section 7.02. 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 VIII

Representative of the Borrower; Addresses

Section 8.01. The Ministry of Economy of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Economy
Immeuble Mauritanie
Place du Perou
Algiers
Democratic and Popular Republic of Algeria

Cable address:	Telex:
FINPLAN Algiers	67073

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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

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.

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

By /s/ Ghazi Hidouci

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ K. Dervis

Acting Regional Vice President
Europe, Middle East and North Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	of % Expenditures to be Financed
(1) For Part A of the Project:		
(a) Civil works	7,500,000	80%
(b) Equipment and vehicles	7,500,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost), and 60% of local expen- ditures for other items procured locally
(c) Consultants' services, training and fellowships	5,000,000	100%
(d) Incremental Operating Costs	1,700,000	70% in Fiscal Year 1991; 50% in Fiscal Year 1992; and 40% in Fiscal Year 1993
(2) For Part B of the Project:		
(a) Civil works	500,000	80%
(b) Equipment and vehicles	3,500,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost), and 60% of local expen- ditures for other items procured locally
(c) Consultants' services, training and fellowships	1,000,000	100%
(d) Incremental	1,800,000	70% in Fiscal

Operating
Costs

Year 1991; 50%
in Fiscal Year
1992; and 40%
in Fiscal Year
1993

(3) Unallocated 3,500,000
TOTAL 32,000,000

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;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "Incremental Operating Costs" means payments made for expenditures on account of the operation and maintenance of the Borrower's agricultural research and extension equipment, and operation of its agricultural research and extension services including expenditures in respect of the purchase of materials, fuel, spare parts, farm inputs, services for trial and demonstration, and travel allowances, but excluding any salaries.

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, except that withdrawals, in an aggregate amount not exceeding the equivalent of \$1,000,000, may be made in respect of Categories (1) (a), (1) (c), (2) (a) and (2) (c) on account of payments made for expenditures before that date but after April 1, 1990.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in strengthening the organization and management of the provision of the agricultural research and extension services within its territory, so as to upgrade and expand such services in order to increase the Borrower's agricultural production and reduce its imports of foodstuffs.

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: Agricultural Research

1. Strengthening INRA's research and research management capabilities and its system for scientific and financial programming, in order to improve the development and delivery of the Borrower's agricultural research services and the coordination of such services with the Borrower's agricultural extension activities;

2. Strengthening the research capabilities of ITGC, ITEBO and INPV, including upgrading certain experimental stations covering the Borrower's main agro-ecological zones, to CRRRA status, for the central coordination of research programs and the management of related resources;

3. Development and carrying out at the CRRAs of certain priority agricultural research programs based on crop and livestock specific research;

4. Development and carrying out of a training program for certain INRA, ITGC, ITEBO and INPV management and research staff involved in the carrying out of agricultural research activities, including seminars and post-graduate studies abroad;

5. Acquisition of vehicles and of farm, equipment for experimental stations, and of laboratory and computer equipment, and the construction and/or rehabilitation of laboratories, glasshouses and workshops; and

6. Construction and/or rehabilitation of housing and related facilities for certain research staff at CRRAs and experimental stations.

Part B: Agricultural Extension

1. Strengthening CNPA's organization, management, staff and technical monitoring and evaluation capabilities, including the carrying out of training courses abroad;
2. Strengthening the training capabilities of the staff of the CFVAs, in order to train field extension staff in each Wilaya;
3. Acquisition of vehicles, and extension and audio-visual equipment, and construction and/or rehabilitation of certain CNPA, CFVA and Wilayat training buildings, all as required for the provision of extension services under Part B of the Project; and
4. Provision of technical assistance to strengthen the Borrower's capabilities in respect of extension methodology, planning and monitoring, and project management, including the carrying out of training courses abroad.

* * * *

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

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each February 15 and August 15	
beginning February 15, 1996 through August 15, 2005	1,600,000

* The figures in this column represent 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
to the prepayment multiplied	The interest rate (expressed as a percentage per annum) applicable Loan on the day of by:
Not more than three years	0.20

before maturity	
More than three years but not more than six years before maturity	0.40
More than six years but not more than eleven years before maturity	0.73
More than eleven years but not more than thirteen years before maturity	0.87
More than thirteen years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

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).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in the Democratic and Popular Republic of Algeria 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. Limited International Bidding:

Laboratory equipment estimated to cost more than the equivalent of \$150,000 per contract but less than the equivalent of \$500,000 per contract, up to an aggregate amount not to exceed the equivalent of \$3,000,000 may be procured under contracts awarded through limited international bidding procedures on the basis of evaluation and comparison of bids invited from a list of at least three qualified suppliers eligible under the Guidelines and in accordance with the procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).

2. Local Competitive Bidding:

Goods (other than vehicles) estimated to cost less than the equivalent of \$300,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,500,000, and civil works estimated to cost less than the equivalent of \$1,000,000 per contract, up to an aggregate amount not to exceed the equivalent of \$10,000,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

3. International and Local Shopping:

Items or groups of items estimated to cost less than the equivalent of \$50,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,000,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three (3) suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

4. Direct Contracting:

Civil works estimated to cost less than the equivalent of \$100,000 per contract, up to an aggregate amount not to exceed the equivalent of \$500,000, may be procured

under negotiated contracts, in accordance with procedures satisfactory 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 each contract for civil works estimated to cost the equivalent of \$500,000 or more, and with respect to each contract for vehicles and goods estimated to cost the equivalent of \$300,000 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 6 to this Agreement.

2. The figure of 15% 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

Agricultural Research Implementation Program
and
Agricultural Extension Implementation Program

I. Agricultural Research Implementation Program

A. Organization and Management of Part A of the Project

1. The overall responsibility for the implementation of the Project shall be vested in the MOA's Director of Agricultural Extension and Rural Institutions (Directeur de la Vulgarisation et des Institutions Rurales), and the day-to-day responsibility for the implementation of Part A of the Project shall be vested in the Director of INRA, whose responsibilities shall include, inter alia: (i) the preparation of operational research programs; (ii) the recruitment of staff and consultants; (iii) the coordination of the preparation of documents for the procurement of goods and civil works; (iv) the organization of training programs; (v) the linkage of research activities to the extension services of the MOA; and (vi) contacts with the Bank.

2. In order to assist the Director of INRA in the performance of his responsibilities for the implementation of Part A of the Project, INRA shall establish and maintain throughout the execution of Part A of the Project a sub-project management unit within INRA consisting of the following four sections: (i) a programming section to provide the secretariat for the national programming commission; (ii) a management section to provide for the establishment and operation of a management accounting system; (iii) a procurement section to take the necessary action for the preparation and review of documents for the procurement of goods, works and consultants' services; and (iv) a data section to insure the processing of data within the Borrower's agencies and entities responsible for the carrying out of Part A of the Project.

B. Research Programs

1. The Borrower's National Commission for Programming Agricultural Research (Commission Nationale chargée de la Programmation de la Recherche sur les Cultures et

des Systemes d'Exploitation), attached to the Agricultural Extension and Rural Institutions Department of the MOA, shall be responsible for developing and carrying out annual multi-disciplinary priority research programs. The research programs to be developed and carried out under Part A (3) of the Project shall focus on the following: cereals (wheat and barley), pulses, forage crops, meat production and cereal/livestock systems. These programs will be designed to address problems faced by farmers in producing such crops and livestock, and to recommend appropriate policies and procedures to improve the Borrower's national agricultural production. The Borrower's Regional Commissions for Programming Agricultural Research, attached to the CRRAs, shall develop initial proposals following broad national objectives laid down by the said National Commission. The terms of reference and operating procedures for each of the said Regional Commissions and National Commission shall be submitted to the Bank, for its review and approval, not later than December 31, 1990.

2. In order to strengthen the capabilities of INRA, ITGC, ITEBO and INPV to carry out such programs, the following research staff shall be employed in accordance with the following schedule:

	1991	1992	1993	1994	1995	Total
Engineers:						
INRA	5	7	6	5	4	27
ITGC	-	19	14	12	3	48
ITEBO	-	12	5	1	1	19
INPV	-	2	1	-	1	4
TOTAL	5	40	26	18	9	98
Technicians:						
INRA	7	5	3	3	-	18
ITGC	-	18	17	10	4	49
ITEBO	-	10	8	2	-	20
INPV	-	2	-	-	-	2
TOTAL	7	35	28	15	4	89

3. INRA, ITGC, ITEBO and INPV shall each take all action necessary to insure the availability of the appropriate number of established posts needed to recruit their corresponding research staff, all in accordance with the schedule set forth above.

4. The research programs shall be carried out at the experimental stations as coordinated by the corresponding CRRAs. INRA shall be assigned responsibility for the management of the CRRA at Lamtar, while ITGC shall retain responsibility for management of the CRRA at El Khroub, Setif, Tiaret and Oued Smar. The Borrower's El Khemis experimental station will cover research in irrigated field crops.

5. To assist with the carrying out of the research program, INRA shall employ, not later than June 30, 1992, the following consultants who will possess qualifications, experience and terms of reference satisfactory to the Bank: (i) plant breeder; (ii) pedologist; and (iii) agro-climatologist.

6. In order to facilitate the improved coordination of research and extension activities, the Borrower shall establish and maintain in each CRRA a research and development unit staffed with suitably qualified personnel in adequate numbers, including, inter alia, at least one engineer and one technical agent, charged with the responsibility for ensuring the liaison between research staff, extension staff and farmers.

C. Training

1. Under Part A (4) of the Project, INRA shall take all action necessary to: (a) develop and carry out an overseas training program which shall include training at post-graduate academic institutions, for the staff of INRA, ITGC, ITEBO and INPV; and (b) enter into arrangements with appropriate overseas research institutions designed to carry out internships and specialized seminars to facilitate staff training.

2. INRA shall employ advisers with qualifications, experience and terms of reference satisfactory to the Bank, to prepare and supervise the post-graduate training for the research staff involved in carrying out the research program.

D. Personnel Management

1. INRA, ITGC, ITEBO and INPV, shall establish methods, satisfactory to the Bank, for the renumeration of research staff employment duties and responsibilities.

E. Financial Management

INRA, ITGC, ITEBO and INPV shall apply, not later than June 30, 1992, appropriate separate budgeting, financial and accounting procedures, satisfactory to the Bank, for the operation and management of the CRRAs and other experimental stations. A training program designed to improve the financial management capabilities of INRA's, staff shall be developed and implemented by consultants, to be employed by INRA, not later than June 30, 1991, with qualifications, experience and terms of reference all satisfactory to the Bank.

II. Agricultural Extension Implementation Program

A. Organization and Management of Part B of the Project

1. The overall responsibility for the implementation of the Project shall be vested in the MOA's Director of Agricultural Extension and Rural Institutions (Directeur de la Vulgarisation et des Institutions Rurales), and the day-to-day responsibility for the implementation of Part B of the Project shall be vested in the Director of CNPA whose responsibilities shall include, inter alia: (i) the preparation of operational plans; (ii) the coordination of the recruitment of staff and the recruitment of consultants; (iii) the preparation of training programs; and (iv) contacts with the Bank.

2. In order to assist the Director of CNPA in the performance of his responsibilities for the implementation of Part B of the Project, CNPA's Director of Technical Information (Directeur des Informations Techniques) shall be charged with the responsibility to assist the Director of CNPA with the management of Part B of the Project. CNPA shall establish and maintain throughout the execution of Part B of the Project a sub-project management unit within CNPA's Department of Technical Information consisting of the following sections: (a) management control; (b) technical and training; (c) monitoring and evaluation; and (d) data handling. CNPA shall take all action necessary to properly staff said sections with personnel in adequate numbers and appropriate qualifications.

B. Organization of Extension Services under Part B of the Project

1. National Extension Committee. The Borrower shall at all times maintain its National Committee for Agricultural Extension to coordinate the Borrower's agricultural extension policies at the national level. The Agricultural Extension and Rural Institutions Department of the MOA shall continue to work with CPNA in the application of said policies throughout the Borrower's territory.

2. Regional Extension Committee. The Borrower shall insure or cause to be insured that each Wilaya shall establish and thereafter maintain an extension committee to adapt national policies to the conditions within its jurisdiction, and to assure coordination with other regional extension services.

3. Regional and Local Field Organization. The regional and field extension services shall be organized as follows:

(a) At the Wilaya, the Extension and Training Section of the Division for the Development of Hydraulic and Agricultural Activities (Division du Developpement des Activites Hydrauliques et Agricoles) shall be maintained. Said section shall comprise the following three units: (i) extension services; (ii) training and communication services; and (iii) monitoring and evaluation. A suitably experienced chief shall be assigned to each unit. A team of three to four subject matter specialists covering the main crop and livestock activities in the area, shall be assigned to each Wilaya. These specialists shall report to the chief of the Extension and Training Section and would be responsible, inter alia, for: (i) assuring a permanent link between farmers, extension services and the research/development units at the CRRA; (ii) identifying the training needs of the extension agents and participating in their training program; and (iii) providing direct technical support to extension agents in the field.

(b) At the Dairat, an extension chief reporting to the training and extension services chief at the Wilaya shall coordinate and supervise the field work. A supervisor shall be assigned for each group of 8-10 field agents. At the commune, one field agent shall be appointed per commune to work with groups of about 15-20 farmers.

Each agent shall carry out visits once or twice a month, depending on the cropping program and region, thereby reaching about 240-480 farmers.

C. Extension Programs

1. Extension activities shall involve the dissemination of technical information through the carrying out of field demonstrations for, and visits to, farms and the use of audio-visual aids and mass media. Extension activities shall be prepared in collaboration with the CRRAs and shall be designed to address specific farming problems identified on the basis of surveys carried out together with the subject matter specialists team and with the research/development unit (CRRA).

2. The Borrower shall formulate, through CNPA, and furnish to the Bank not later than October 31 of each Fiscal Year, for the Bank's comment and review, a proposed agricultural extension program to be carried out by the Wilayat under Part B of the Project during the following Fiscal Year.

3. A monitoring and evaluation program shall be developed with the assistance of consultants and submitted to the Bank not later than March 31, 1992.

D. Training

1. CNPA shall plan and organize all training activities to be carried out under Part B of the Project, in liaison with the CFVA and the Training and Extension Section of the Wilayat and the subject matter specialists teams at each Wilaya. A training program shall be developed and submitted to the Bank for its review by not later than June 30, 1991. Said program shall be updated from time to time and shall be extended to all extension staff by not later than December 31, 1993.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "Eligible Categories" means Categories (1) and (2) 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 \$2,000,000 to be withdrawn from the Loan 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 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.

