

CONFORMED COPY

CREDIT NUMBER 2662 CA

Development Credit Agreement

(Livestock Development and Rangeland Management Project)

between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 13, 1995

CREDIT NUMBER 2662 CA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated January 13, 1995, between CENTRAL AFRICAN REPUBLIC (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received a letter, dated July 26, 1994, from the Borrower describing a program of actions, objectives and policies designed to achieve adjustment of the Borrower's livestock sector (the Program) and declaring the Borrower's commitment to the execution of the Program;

(C) Parts A.8, B.4 and C.3 of the Project will be carried out by the Federation Nationale des Eleveurs Centrafricains (FNEC) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to FNEC part of the proceeds of the Credit as provided in this Agreement;

(D) the Borrower intends to contract from the European Union through the European Development Fund (EDF), the French Republic through the Fonds d'Aide et de Cooperation (FAC), and the International Fund for Agriculture and Development (IFAD) loans and grants in a total amount equivalent to approximately thirteen million seven hundred seventy

thousand dollars to assist in financing the Project on the terms and conditions set forth in the respective loan and grant agreements (the Financing Agreements) to be entered into between the Borrower and EDF; 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) "Project Agreement" means the agreement between the Association and FNEC of even date herewith, as the same may be amended from time to time, and such terms includes all schedules and agreements supplemental to the Project Agreement;

(b) "Subsidiary Financing Agreement" means the agreement to be entered into between the Borrower and the Fonds Interprofessionnel de Developpement de l'Elevage pursuant to Section 3.08 of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Financing Agreement;

(c) "ACDA" means Agence Centrafricaine de Developpement de l'Agriculture, an agency of the Borrower responsible for providing agricultural extension services;

(d) "AEA" means herders and farmers organizations, operating in accordance with statutes approved by the Minister of Agriculture and Livestock;

(e) "ANDE" means Agence Nationale de Developpement de l'Elevage, an agency of the Borrower responsible for implementing livestock regulations and providing livestock extension services;

(f) "Franc CFA" means the currency of the Borrower;

(g) "CIC" means the Comite Interprofessionnel de Coordination, managing unit of the Fonds Interprofessionnel de Developpement de l'Elevage;

(h) "FIDE" means the Fonds Interprofessionnel de Developpement de l'Elevage established under the laws of the Borrower;

(i) "FNEC" means the Federation Nationale des Eleveurs Centrafricains, an association of Central African livestock producers established under the laws of the Borrower and operated pursuant to its bylaws dated August 4, 1994;

(j) "MAE" means the Borrower's Ministry responsible for Agriculture and Livestock;

(k) "Passing on the Gift" means a system assisting, through partial financing of a nucleus of breeding animals, herders meeting predetermined criteria and undertaking to pass on to other qualifying herders an equivalent number of animals, out of the offspring of the initially acquired animals;

(l) "Project Preparation Advance" means the project preparation advances granted by the Association to the Borrower pursuant to letters, dated February 24 and March 13, 1992, and September 22 and September 29, 1993, respectively between the

Borrower and the Association;

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

(n) "ZAGROP" means "Zone d'Action Agro-pastorale", i.e. a geographic zone delineated pursuant to Ordonnance No. 86/057 of September 15, 1986 of the Borrower and subjected to special occupancy rules designed to promote a sustainable management of natural resources in the Borrower's territory.

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 this Agreement, an amount in various currencies equivalent to eleven million five hundred thousand Special Drawing Rights (SDR 11,500,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFA Francs a special deposit account in commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against setoff, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 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, 2000, 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 percent (3/4 of 1%) per annum on the principal amount of

the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on March 1 and September 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 1 and September 1 commencing March 1, 2005, and ending September 1, 2034. Each installment to and including the installment payable on September 1, 2014, 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 French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out Parts A.1, A.2, A.3, A.4, A.5, A.6, A.7, B.1, B.2, B.3, B.5, B.6, B.7, C.1 and C.2 of the Project, through MAE, with due diligence and efficiency and in conformity with appropriate administrative, financial, animal health, animal husbandry and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without any limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall cause FNEC to perform in accordance with the provisions of the Project Agreement all the obligations of FNEC therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable FNEC to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

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

Section 3.03. Without limitation upon the provisions of Article IX of the General Conditions, the Borrower shall:

(a) prepare and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between

the Borrower and the Association, a plan, of such scope and in such detail as the Association shall reasonably request, for the future operation of the Project;

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan; and

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

Section 3.04. The Borrower shall: (a) (i) establish the mutual savings and loan scheme referred to under Part A.4 of the Project by December 31, 1995; and (ii) ensure that the said scheme is managed by a competent and experienced entity under contractual arrangements (including lending terms and conditions) satisfactory to the Association; and

(b) develop the herd rebuilding scheme referred to under Part A.5 of the Project and implement the said scheme in accordance with practical arrangements satisfactory to the Association.

Section 3.05. The Borrower shall:

(a) (i) carry out the study referred to under Part A.6 (a) of the Project; (ii) by December 31, 1995, submit the results and recommendations of the said study to the Association for its review and comments; and (iii) promptly implement the recommendations of the said study as they shall have been agreed upon with the Association;

(b) (i) carry out the study referred to under Part A.7 (a) of the Project; (ii) by December 31, 1996, submit the recommendations and results of the said study to the Association for its review and comments; and (iii) promptly implement the recommendations of the said study as they shall have been agreed upon with the Association; and

(c) (i) carry out the study referred to under Part A.7 (b) of the Project; and (ii) by June 30, 1996 submit the results of such study to the Association for its review and comments.

Section 3.06. The Borrower shall: (a) take all measures required on its part to promote the establishment of AEA in villages selected in agreement with the Association; (b) cause ACDA to second three foodcrop extension specialists to ANDE to enable it to deliver appropriate and relevant extension services to agro-pastoralists under the Project; and (c) develop and thereafter maintain the livestock sector monitoring and evaluation system referred to under Part A.6 (c) of the Project.

Section 3.07. The Borrower shall: (a) formulate an annual training program and an annual ZAGROP development action plan for each year during the Project implementation period and by October 31 of each year, submit the same to the Association for its review and comments; and (b) by April 30 of each year, prepare and submit to the Association a report detailing how the training program and the ZAGROP development action plan were executed during the preceding year (including the results achieved, the difficulties encountered in the execution of the said program if any, and the measures taken to resolve any such difficulties).

Section 3.08. (a) The Borrower shall make the proceeds of the Credit available to FIDE under a Subsidiary Financing Agreement to be entered into between the Borrower and FIDE, under terms and conditions which shall have been approved by the Association, including, inter alia, the maintenance of separate accounting system to record and justify the use of all funds received by FIDE under the Subsidiary Financing Agreement.

(b) The Borrower shall exercise its rights under the Subsidiary Financing Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Financing Agreement or any provision thereof, nor take or permit

to be taken any action which may prevent or interfere with FIDE's performance of its obligations under the Project.

Section 3.09. The Borrower shall ensure that FNEC shall consult with the Borrower and the Association prior to amending its statutes.

Section 3.10. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively), in respect of Parts A.8, B.4 and C.3 of the Project shall be carried out by FNEC pursuant to Section 2.03 of the Project Agreement.

Section 3.11. The Borrower shall not later than two years after the Effectiveness Date: (a) draft new model statutes and regulations for the ZAGROP; and (b) submit amendments to the legislation governing ZAGROP to Parliament defining the new objectives of ZAGROP and procedures to be followed for their creation.

Section 3.12. The Borrower shall: (a) by December 31, 1997 carry out jointly with the Association and FNEC a midterm review of the Project which shall cover inter alia: (i) the identification of Project implementation bottlenecks; (ii) the design of remedial measures; (iii) the operation of the Project's various executing agencies; (iv) the implementation of the herd rebuilding program; (v) the establishment of the mutual savings and loan scheme; (vi) the implementation of the program relating to ZAGROP's establishment; and (vii) the appropriateness to transfer the responsibility for extension services from ANDE to FNEC;

(b) thereafter, on the basis of this review, and in accordance with a time schedule satisfactory to the Association, carry out such corrective actions as the Borrower and the Association shall determine; and

(c) in order to facilitate this review, prepare and submit to the Association, not later than four weeks before the scheduled date of this review, a report of Project activities of such scope and in such detail as the Association shall have reasonably requested.

Section 3.13. The Borrower shall cause CIC to: (i) transmit to the Association for its review the work programs and budgets proposals submitted by ANDE and FNEC; (ii) promptly review and approve the said proposals; and (iii) make available, from the bank account open on behalf of FIDE, promptly and on a quarterly basis, the financial resources necessary for the implementation of the approved work programs.

ARTICLE IV

Financial Covenants

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

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

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

(a) of this (i) maintain or cause to be maintained, in accordance with paragraph 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 are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

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

(a) FNEC shall have failed to perform any of its obligations under the Project Agreement;

(b) as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that FNEC will be able to perform its obligations under the Project Agreement;

(c) FNEC's bylaws dated August 4, 1994 or FIDE's bylaws, dated October 28, 1994 shall have been amended, suspended, abrogated, repealed or waived without the prior approval of the Association;

(d) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of FNEC or FIDE or for the suspension of their operations;

(e) a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out; and

(f) (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 maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its

obligations under such agreement; and (B) adequate funds for
the Project are available to the Borrower from other sources on
terms and conditions consistent with the obligations of the
Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraphs (a) and (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and

(b) the event specified in Section 5.01 (f) (i) of this Agreement, subject to the proviso of Section 5.01 (f) (ii) of this Agreement, and the events specified in Section 5.01 (c) and (d) of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

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

(a) all conditions precedent to the effectiveness of the IFAD Loan Agreement have been fulfilled, other than those related to the effectiveness of this Agreement;

(b) FIDE's Director has been appointed;

(c) the Association has received satisfactory evidence of the deposit in FIDE's bank account of the balance available in the Fonds de Developpement de l'Elevage's account; and

(d) the Subsidiary Financing Agreement has been executed on behalf of the Borrower and FIDE.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) that the Project Agreement has been duly authorized or executed by FNEC, and is legally binding upon FNEC in accordance with its terms; and

(b) that the Subsidiary Financing Agreement has been duly authorized or executed by the Borrower and FIDE and is legally binding upon the Borrower and FIDE in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Minister responsible for Finance, Planning and International Cooperation of the Borrower 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:

Ministry of Finance, Planning and
International Cooperation
P.O.B. 696
Bangui

Central African Republic

Cable address:

MINIPLAN

Telex:

5208 RC

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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.

CENTRAL AFRICAN REPUBLIC

By /s/ Henri Koba

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox

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	3,940,000	100%
(2) Equipment and vehicles:		
(a) under Parts A.1	600,000	60%

	through A.4, B.1, B.2, B.6, and B.7 of the Project		
(b)	under Part B.4 of the Project	370,000	60%
(3)	Consultants' services	210,000	60%
(4)	Training	900,000	60%
(5)	Operating costs:		
(a)	under Parts A.1 through A.4, A.6, A.7, B.1, B.2, B.3, B.6, B.7, C.1 and C.2 of the Project	2,300,000	50%
(b)	under Part B.4 of the Project	610,000	50%
(6)	Herds rebuilding under Part A.5 of the Project	760,000	50%
(7)	Refunding of Project Preparation Advance	490,000	Amounts due pur- suant to Section 2.02 (c) of this Agreement
(8)	Unallocated	1,320,000	
	TOTAL	11,500,000 =====	

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; provided, however, that if the currency of the Borrower is also that of another country from the territory of which the goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(c) the term "operating costs" means expenses incurred under the Project for items such as salaries for incremental staff contracted for the purposes of the Project, utilities, supplies, fuel, gasoline, vehicles and equipment maintenance and repair costs, travel costs and subsistence allowances for travel related to the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; (b) expenditures incurred in respect of Category (6), unless the Association has received evidence satisfactory to it that the herd rebuilding scheme referred under Part A.5 of the Project has been developed in accordance with the provisions of Section 3.04 (b) of this Agreement; and (c) expenditures incurred in respect of Category (3), unless the Association has received evidence satisfactory to it that a firm has been selected for the creation of the monitoring and evaluation

system referred to in Section 3.06 (c) of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditures for such expenditures for goods and services under contracts not exceeding \$20,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (a) improve the productivity of the Borrower's livestock sector and further its integration into the Borrower's economy; (b) improve the standards of living of the herders population through increased diversification of their sources of income; (c) strengthen the livestock sector's professional organizations, through the democratization of their operations and the decentralization of the decision making process; and (d) promote adequate and sustainable management of natural resources.

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: Strengthening of the Livestock Sector Institutional Framework

1. (a) Establishment and management of FIDE as an inter professional organization to coordinate the financing of sectoral field activities to be carried out by livestock sector organizations.

(b) Formulation and implementation of procedures to enable FIDE to mobilize and promptly collect all of its revenues and to allocate them as required to sustain the development of the livestock sector.
2. Improvement of the operational capacity of ANDE and FIDE through the acquisition of equipment, vehicles and the financing of operating costs.
3. Promotion of AEA in selected localities and provision of services necessary to improve the productivity and sustainability of the livestock sector.
4. Establishment and management of a mutual savings and loan scheme to provide credit to herders and agropastoralists.
5. Design and implementation of a herd rebuilding scheme, designed to help herders, whose herding stock has been depleted, but are willing to remain herders, based on the "passing on the gift" system or any other system yielding the same results.
6. (a) Carrying out of a baseline survey of the livestock sector including a demographic analysis of the herd and a socio-economic analysis of the herders community, particularly herders experiencing herds attrition; (b) selection and monitoring of a representative sample of herders and herds; and (c) establishment of a monitoring and evaluation system for the Project's activities.
7. Carrying out of: (a) a legal and sociological study aimed at streamlining the current procedure for establishing new ZAGROP and providing land tenure security to herders and farmers established in the said zones; and (b) a study to identify and assess traditional subsistence and commercial hunting patterns with a view to improving the sustainability of traditional building particularly in the wildlife management zone.
8. Strengthening FNEC's grassroots representative character and improvement of its capacity to carry out efficiently all of its operations.

Part B: Improvement of the Productivity of the Livestock Sector

1. Creation of about 16 additional ZAGROP in the western, central and eastern regions.

2. Carrying out of the following activities in all ZAGROP developed under the Project:

(a) an assessment of water needs and development of water supplies for human and livestock use;

(b) installation of storage, processing and marketing facilities required for livestock products;

(c) acquisition of satellite images required for land use mapping; land rights security and an adequate use of savannah lands;

(d) acquisition of necessary equipment, vehicles, bicycles, motorbicycles, materials and supplies;

(e) rehabilitation and maintenance of about 400 km of new primary tracks to secure an adequate access to all ZAGROPs developed under the Project; and

(f) construction and maintenance of about 800 km of secondary tracks and construction of main firebreak structures.

3. Strengthening of animal health and husbandry services inter alia, by: (a) training ANDE's staff to implement adequately all animal health regulations; (b) equipping five new border control posts to strengthen the screening of animal diseases and prevent their spread into the Borrower's territory and to increase the mobility of borders control inspectors.

4. Provision, through, inter alia, the acquisition of vehicles and equipment, of grassroots development services aimed primarily at the men and women members of the grassroots and federal organizations of the livestock sector for the purpose of enabling them to usefully participate in and manage these organizations.

5. Carrying out of field experimentation focused on themes relating to animal production and animal health.

6. Provision, through, inter alia, the acquisition of vehicles and equipment, of extension services aimed primarily at women, youth and impoverished herders to familiarize them with appropriate technology for sedentary livestock husbandry, crop farming, draft cultivation, and processing of animal products.

7. Promotion among the population established within the wildlife management area of livestock development activities including in particular the raising of small ruminants, poultry and bee keeping.

Part C: Training

Formulation and execution: (1) of a training program including in-country seminars, study tours and long term study abroad, as appropriate to increase the expertise and capacity of the relevant staff of all agencies involved in the execution of the Project; (2) of a training program geared at herders' sons; and (3) functional literacy program geared at herders associations members and in particular women and youth.

* * *

The Project is expected to be completed by December 31, 1999.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: Procurement Procedures

1. Contracts for civil works and contracts for items or groups of items estimated to cost the equivalent of \$50,000 or more per contract may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Contracts for vehicles up to an aggregate amount equivalent to \$950,000 shall be grouped and procured through the United Nations Inter-Agency Procurement Services Office.

3. Contracts for items estimated to cost less than the equivalent of \$50,000 per contract may be procured by prudent shopping.

Part B: 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 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

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

Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultants' Guidelines). For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultants' Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than \$50,000 equivalent each; or (b) contracts for the employment of individuals estimated to cost less than \$25,000 equivalent each. However, said exception to prior Association review shall not apply to: (a) the terms of reference for such contracts; (b) single-source selection of consulting firms; (c) assignments of a critical nature, as reasonably determined by the Association, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$50,000

equivalent or above; or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$25,000 equivalent or above.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount in CFA Francs equivalent to 500,000 dollars to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

(b) Each payment (including a payment under a letter of credit) for an eligible expenditure in an amount equal to or less than the equivalent of \$20,000 shall be made exclusively out of the Special Account. The Bank may from time to time, by notice to the Borrower, revise the threshold amount specified in the preceding sentence.

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 deposit into the Special Account of an amount or amounts determined by the Association to be required to pay for eligible expenditures during the four months following the date of each such request, which amount shall 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 Association shall have determined to be so required.

(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;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, minus the total amount of all outstanding special commitments 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; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special 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 paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

