Development Credit Agreement

(Agricultural Competitiveness and Diversification Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 8, 2005
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 8, 2005, between REPUBLIC OF MALI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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;

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 (as amended through May 1, 2004), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

(a) “Eligible Categories” means Categories (1) to (5) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(b) “Eligible Expenditures” means the expenditures for goods, works and consultants’ services referred to in Section 2.02 of this Agreement;

(c) “Affected Persons” means persons who, on account of the execution of the Project, had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any
other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected; and “Affected Person” means any of the Affected Persons;

(d) “Environmental and Social Management Framework” or “ESMF” means the Borrower’s document dated April 2005 referred in paragraphs 5 and 6 of Schedule 4 to this Agreement, setting forth, inter alia, guidelines, procedures, timetable and other specifications designed to offset adverse environmental and social impacts related to Project activities, or to reduce them to acceptable levels, or to enhance positive impacts, including a Resettlement Policy Framework (RPF) setting out procedures for the resettlement of, and compensation payments to be made to, the Affected Persons;

(e) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(f) “Francs CFA” or “FCFA” means the currency of the Borrower;

(g) “Matching-Grant” means a grant to be made out of the proceeds of the Credit to a beneficiary to finance activities under Part A.3 of the Project in accordance with the provisions of paragraphs 7 and 8 of Schedule 4 of this Agreement and with the Project Implementation Manual;

(h) “Matching-Grant Agreement” means an agreement to be entered into between the Borrower and a Beneficiary for the provision of a Matching-Grant in accordance with the provision of paragraph 8 of Schedule 4 to this Agreement;

(i) “Procurement Plan” means the Borrower’s procurement plan of May 26, 2005 covering the initial 18 month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation;

(j) “Project Implementation Manual” and “PIM” mean the manual to be prepared by the Borrower for the implementation of the Project and referred to in paragraph 4 of Schedule 4 to this Agreement, as the same may be amended from time to time with the approval of the Association, and such term includes any schedules, and attachment to said PIM;

(k) “Project Preparation Advance” means the project preparation advance and the supplemental thereto granted by the Association to the Borrower pursuant to the letters of agreement signed on behalf of the Association on October 30, 2003, and
April 28, 2005, respectively and on behalf of the Borrower on November 11, 2003, and May 13, 2005, respectively;

(l) “Special Account” means the account referred to in Part B of Schedule 1 to this Agreement; and

(m) “Sub-Project” means any activity under Part A.3 of the Project, in respect of which a Matching-Grant has been, or may be, provided.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to thirty million seven hundred thousand Special Drawing Rights (SDR 30,700,000).

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: (i) for amounts paid (or, if the Association shall so agree, amounts to be paid) by the Borrower on account of withdrawals made under a Matching-Grant Agreement to meet the reasonable costs of goods, works and services required for a Sub-Project, in respect of which the withdrawal from the Credit Account is requested; and (ii) for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works, and services required for carrying out the Project and to be financed out of the proceeds of the Credit.

(b) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to the Association 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 canceled.

Section 2.03. The Closing Date shall be June 30, 2012 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 canceled; and (ii) at the
rate set as of the June 30 immediately preceding the accrual date and 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 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 February 15 and August 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall
repay the principal amount of the Credit in semiannual installments payable on each
February 15 and August 15 commencing August 15, 2015 and ending February 15, 2045.
Each installment to and including the installment payable on February 15, 2025 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 per capita gross national product (GNP), as
determined by the Association, shall have exceeded for three consecutive years the level
established annually by the Association for determining eligibility to access the
Association's resources; 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 repayment of installments under
paragraph (a) above by:

(A) 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; and
(B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above 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.

(d) 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 the Project, through its Ministry in charge of agriculture, with due diligence and efficiency and in conformity with appropriate administrative, financial, educational and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.
Section 3.02. (a) Except as the Association shall otherwise agree, procurement of the goods, works and 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, as said provisions may be further elaborated in the Procurement Plan.

(b) The Borrower shall update the Procurement Plan in accordance with guidelines acceptable to the Association, and furnish such update to the Association not later than 12 months after the date of the preceding Procurement Plan, for the Association’s approval.

Section 3.03. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months before the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan for the future operation of the Project; and

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

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall establish and maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association), commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made, audited, in accordance with consistently applied auditing standards acceptable to the Association, 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 (or such
other period agreed to by the Association), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Association), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and

(iii) furnish to the Association such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Association may 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 reports referred to in Part A.5 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Borrower shall:

(i) retain, until at least one year after the Association has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(ii) enable the Association’s representatives to examine such records; and

(iii) ensure that such reports and statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Association), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Borrower’s progress reporting obligations set out in paragraph 9 of Schedule 4 to this Agreement, the Borrower shall prepare and furnish to the Association a financial monitoring report, in form and substance satisfactory to the Association, which:

(i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, and explains variances between the actual and planned uses of such funds;
(ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and

(iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as condition to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower has: (i) established a financial management system, in form and substance acceptable to the Association; (ii) recruited a finance officer and an accountant for the implementation of the Project, with qualifications and experience acceptable to the Association; and (iii) the Borrower has recruited the independent auditors referred to in Section 4.01 (b) of this Agreement, in accordance with the provisions of Schedule 3 to this Agreement;

(b) the Borrower has adopted the Project Implementation Manual in form and substance acceptable to the Association;

(c) the Steering committees referred to in paragraph 1 of Schedule 4 to this Agreement have been established with composition and terms of reference acceptable to the Association;

(d) a Project monitoring and evaluation system acceptable to the Association has been established;

(e) a public information campaign has been carried out to inform main stakeholders, including producers associations and private sector operators, about the objectives and the components of the Project; and
(f) the core Project staff listed in paragraph 2 of Schedule 4 have been hired, under terms and conditions acceptable to the Association.

Section 5.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

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

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

For the Borrower:

Minister of Economy and Finance
Ministry of Economy and Finance
B. P. 234
Bamako
Republic of Mali

Facsimile:
(223) 222 1914

For the Association:

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

Cable address: Telex: Facsimile:
INDEVAS 248423 (MCI) or (202) 477-6391
Washington, D.C. 64145 (MCI)
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF MALI

By /s/ Abdoulaye Diop
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ A. David Craig
Authorized Representative
SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Part A of the Project</td>
<td>6,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>Irrigation, Post-harvest, and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value-adding Technologies (Goods, works, training,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matching-grants and consultants’ services)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Part B of the Project</td>
<td>4,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>Agriculture Supply Chains (Goods, works, consultants’ services, and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>training)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Part C of the Project</td>
<td>1,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>Access to Financing (Goods, consultants’ services, and training)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Part D of the Project</td>
<td>13,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>Market-oriented Infrastructure (Goods, works, consultants’ services,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and training)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) Part E of the Project</td>
<td>2,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>Project Management and Coordination (Goods, training,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultants’ services, including audits, and operating costs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Credit Allocated (Expressed in SDR Equivalent)</td>
<td>% of Expenditures to be Financed</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-------------------------------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>(6) Refunding of Project Preparation Advances</td>
<td>800,000</td>
<td>Amounts due pursuant to Section 2.02 (b) of this Agreement</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>30,700,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

2. For the purposes of this Schedule, the term “operating costs” means incremental recurrent expenditures incurred on account of the Project implementation including office supplies, fuel and maintenance of vehicles, maintenance of equipment, telephone and other communications charges, office rent and insurance for vehicles, motorcycles and office equipment and furniture, bank and services fees, travel and supervision, but excluding salaries of officials of the Borrower’s civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; and (b) payments made under category (1) for Matching-Grants, unless Matching-Grants have been made in accordance with the provisions set forth or referred to in the Project Implementation Manual and the provisions of paragraphs 7 and 8 of Schedule 4 to this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods costing less than $200,000 equivalent per contract; (b) works costing less than $300,000 equivalent per contract; (c) services of individual consultants costing less than $50,000 equivalent per contract; (d) services of consulting firms under contracts costing less than $100,000 equivalent per contract; (e) workshops and training; and (f) Matching-Grants and operating costs, all under such terms and conditions as the Association shall specify by notice to the Borrower.

5. The Borrower may request withdrawals from the Credit Account to be made on the basis of reports to be submitted to the Association in form and substance satisfactory to the Association, such reports to include the FMR and any other information as the Association shall specify by notice to the Borrower (Report-based Disbursements). In the case of the first such request submitted to the Association before any withdrawal has been made from the Credit Account, the Borrower shall submit to the Association only a
statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

B. Special Account

1. The Borrower may open and maintain in FCFA a special deposit account in a commercial Bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment.

2. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into the Special Account shall be made as follows:

   (a) if the Borrower is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

   (b) if the Borrower is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. 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.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

   (a) if the Association, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

   (b) if the Association determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Borrower directly from the Credit Account; or

   (c) 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: (A) the records and accounts for the Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.
5. The Association shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule 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 Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Association determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or 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. 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 determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, 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 subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Credit Agreement.
Annex A

to

SCHEDULE 1

Operation of Special Account
When Withdrawals Are Not
Report-based Disbursements

1. The term “Authorized Allocation” means an amount equivalent to Francs CFA 2,200,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Annex, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to Francs CFA 1,100,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 10,000,000.

2. 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 which in the aggregate do not exceed the Authorized Allocation. 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.

(b) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposit into the Special Account at such intervals as the Association shall specify. 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 Part B.3 of Schedule 1 to this Agreement 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. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.

3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions 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 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.
Annex B
to
SCHEDULE 1

Operation of Special Account
When Withdrawals Are
Report-based Disbursements

1. Withdrawals from the Credit Account shall be deposited by the Association into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.

2. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.
SCHEDULE 2

Description of the Project

The objectives of the Project is to increase and diversify rural incomes through improvements in the performances of supply chains for agricultural, livestock, fishery and harvesting products for which the Borrower has a comparative advantage.

Part A: Demonstration and Dissemination of Irrigation, Post-harvest and Value-adding Technologies

Support for the demonstration testing and dissemination by private sector providers of low-cost, simple and adapted techniques and technologies to improve the production, productivity, processing and marketing of selected high-value agricultural products, through:

1. demonstration of techniques and technologies, especially through the creation of demonstration centers at the regional level and pilot-plots at farm level;

2. improving the capacities of private sector operators to supply equipment, inputs, and advisory services; and

3. dissemination of techniques and technologies through the provision of Matching Grants to finance Sub-Projects designed to implement technological innovations, especially at the farm level.

Part B: Improvement in the performances of agricultural supply chains

Strengthening the capacities of the private sector to respond to market opportunities, and improving the competitiveness of high value products for which the Borrower has a comparative advantage, through:

1. market research and improvements in the information base on supply chains;

2. building capacities of sector operators, private and public, and supply chain organizations, improving inter-professional dialogue, through provision of training, facilitation and institutional capacity-building activities;

3. promoting private sector investment and supporting the provision of adapted business development services; and
4. supporting improvements in quality and food safety management, and compliance with trade standards.

Part C: Access to Finance

Facilitating access to capital and financial services for the various operators of the supply chains, including producers, traders, agro-processors, exporters, through the provision of technical advisory services and training to: (a) strengthen linkages with microfinance institutions and commercial banks; (b) develop adapted financing instruments; and (c) establish and operate a pilot guarantee facility designed to facilitate access to credit.

Part D: Market-oriented Infrastructure

Preparation and implementation of an investment program aimed at improving basic commercial and communication infrastructure to strengthen linkages to markets and reduce transaction costs, through:

1. construction of commercial infrastructure such as export facilities, cold chains, storage facilities, pack houses, and wholesale markets; and

2. rehabilitation of rural roads, particularly in cotton-growing areas.

Part E: Project Management and Coordination

Strengthening the Borrower’s capacity in the areas of Project management, coordination, administration, monitoring and evaluation, including financial and technical audits, and environmental impact assessment and mitigation.

* * *

The Project is expected to be completed by December 31, 2011.
SCHEDULE 3

Procurement and Consultants’ Services

Section I. General

A. All goods, works and services (other than consultants’ services) shall be procured in accordance with the provisions of Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants’ services shall be procured in accordance with Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers”, dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Association of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants’ Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower.

B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than $200,000 equivalent per contract and works estimated to cost less than $500,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding and the following additional provisions: (i) bids are advertised in national newspaper with wide circulation; (ii) bid evaluation, bidder qualification and award criteria are specified clearly; (iii) bidders are given adequate response time (minimum four weeks) to prepare and submit bids; (iv) bids are awarded to the lowest evaluated bidders; eligible bidders, including foreign bidders, are not precluded from participating; and (v) no preference margin is granted to domestic contractors.
2. **Shopping.** Goods and works estimated to cost less than $50,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

3. **Direct Contracting.** Goods, works and services (other than Consultants’ services) which the Association agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.

4. **Force Account.** Works which the Association agrees meet the requirements for Force Account may be carried out in accordance with the provisions of said procurement method.

5. **Procurement from UN Agencies.** Office equipment and vehicles estimated to cost less than $100,000 equivalent per contract, may be procured directly from the Inter-Agency Procurement Services Agency (IAPSO) in accordance with the provisions of paragraphs 3.1 and 3.9 of the Procurement Guidelines.

6. **Community Participation.** Goods, works and services required for Part B.2 of the Project may be procured on the basis of community participation in accordance with rules and procedures acceptable to the Association as set forth in the PIM.

Section III. **Particular Methods of Procurement of Consultants’ Services**

A. **Quality- and Cost-based Selection.** Except as otherwise provided in Part B of this Section, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than $100,000 equivalent per contract may comprise entirely national consultants.

B. **Other Procedures**

1. **Quality-based Selection.** Services for assignments which the Association agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. **Selection Under a Fixed Budget.** Services for assignments which the Association agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

3. **Least-cost Selection.** Services for assignments which the Association agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured
under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. **Selection Based on Consultants’ Qualifications.** Services estimated to cost less than $200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

5. **Single Source Selection.** Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

6. **Individual Consultants.** Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis subject to prior approval of the Association.

7. **Workshops and Training.** Workshops and training shall be carried out on the basis of annual work programs which shall have been approved by the Association, and which shall identify: (a) the workshops or training envisaged; (b) the personnel to attend the workshop or to be trained; (c) the selection methods of institutions or individuals participating in the workshop or conducting the training; (d) the institutions which will facilitate the workshop or conduct the training, if already selected; (e) the duration of proposed workshop or training; and (f) the cost estimate of the workshop or training.

**Section IV. Review by the Association of Procurement Decisions**

Except as the Association shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods and services (other than consultants’ services) estimated to cost the equivalent of $200,000 or more procured on the basis of International Competitive Bidding, Limited International Bidding, or Direct Contracting; (b) each contract for works estimated to cost the equivalent of $300,000 or more procured on the basis of International Competitive Bidding, Limited International Bidding or National Competitive Bidding, or Direct Contracting; (c) the first three contracts for goods, works and services (other than consultants’ services) irrespective of their value; and (d) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more and the terms of reference for each consultants’ services irrespective of their value. In addition, with respect to each contract for the employment of individual
consultants estimated to cost the equivalent of $50,000 or more, the report on the qualifications and experience of all evaluated candidates, the terms of reference and the terms of employment of the consultants shall be subject to prior approval by the Association. All other contracts shall be subject to Post Review by the Association.
SCHEDULE 4

Implementation Program

Overall Oversight and Coordination

1. The Borrower shall establish (a) a national steering committee with composition and terms of reference acceptable to the Association to be responsible for the overall coordination, monitoring and oversight of the Project implementation at the national level; and (b) regional steering committees, with composition and terms of reference acceptable to the Association, to be responsible for the coordination of Project implementation at the regional level.

Implementation Arrangements

2. The Borrower shall establish a Project Coordination Unit, within the Ministry in charge of agriculture to be responsible for the coordination, monitoring, and evaluation of the Project implementation. The PCU shall be headed by a Project Coordinator, with qualifications and experience acceptable to the Association, assisted by competent staff in adequate numbers, including a private sector and marketing specialist, a financial and administrative officer, a supply chain specialist, and a monitoring and evaluation specialist. The Project Coordinator shall not be replaced without prior consultation with the Association.

3. The implementation of the Project shall be carried out on the basis of annual work programs which shall have been approved by the Association, and which shall include: (a) an assessment of the feasibility and priority of the activities envisaged, based on Project performance indicators; and (b) such other administrative, financial and organizational arrangements as shall be required for the implementation of the envisaged activities.

4. (a) The Borrower shall prepare and furnish to the Association a Project Implementation Manual, in form and substance satisfactory to the Association, giving details of all operational guidelines, procedures and plans as shall have been agreed with the Association for the implementation, monitoring and supervision of the Project, including:

   (i) performance indicators, monitoring and evaluation guidelines, and environmental assessment methodology;

   (ii) administrative, accounting and financial procedures;
(iii) procurement and disbursement guidelines; and

(iv) the ESMF.

(b) The Borrower shall carry out the Project in accordance with the arrangements and procedures set out in the Project Implementation Manual, and, except as the Association shall otherwise agree, shall not amend or waive any provision thereof, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

Environmental and Social Safeguard Arrangements

5. The Borrower shall develop, in respect of construction, rehabilitation or upgrading activities carried out under the Project, prior to the approval of bid documents for any such activity, the instruments appropriate for said activity according to the requirements of the ESMF, which may include any or all of the following:

(i) an Environmental and Social Impact Assessment (ESIA), acceptable to the Association, giving details of the status of the natural and social environment and potential risks and adverse impacts thereto, which are specific to the respective Project activity, along with proposed mitigation measures;

(ii) an Environmental and Social Management Plan (ESMP), acceptable to the Association, giving details of measures appropriate or required to manage potential environmental and social risks and mitigate adverse impacts associated with the respective Project activity, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the EMP; and

(iii) wherever applicable, a Resettlement Action Plan (RAP), acceptable to the Association, giving details of a program of actions, measures and policies designed to facilitate the compensation and resettlement of Affected Persons, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with the RAP.
6. The Borrower shall ensure that the Project is implemented in accordance with the guidelines, procedures, timetable and other specifications set forth in the ESMF, the Environmental and Social Assessments, Environmental Management Plans and Resettlement Action Plans, as the case may be, and, except as the Association shall otherwise agree, shall not amend or waive any provision of the aforementioned frameworks, assessments and plans, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

Eligibility Criteria for Matching-Grants

7. The Borrower shall provide Matching-Grants to finance activities under Part A.3 of the Project. Matching-Grants shall be made available in accordance with guidelines, procedures and eligibility criteria acceptable to the Association and set forth in the Project Implementation Manual. Such provisions shall include, but not be limited to, the following:

   (a) Matching-Grants shall be provided for any of the activities referred to in Part A.3 of the Project and shall not be provided for any of the activities mentioned in a negative list in the Project Implementation Manual;

   (b) activities to be financed by Matching-Grants shall be initiated and implemented by a Beneficiary which could be any entity eligible to receive a Matching-Grant in accordance with the provisions set forth in the Project Implementation Manual; and

   (c) activities to be financed by Matching-Grants shall be in compliance with: (i) applicable laws and regulations of the Borrower; and (ii) criteria and standards set forth in the Project Implementation Manual.

8. To provide Matching-Grants, the Borrower shall enter into a Matching-Grant Agreement with the Beneficiary under terms and conditions satisfactory to the Association, which shall include the following:

   (a) a description of the approved activities, with its budget and its performance indicators;

   (b) provisions requiring the financing to be made on a grant basis;

   (c) the Beneficiary’s obligation to: (i) carry out the activities with due diligence and efficiency and in accordance with sound administrative, technical and financial standards taking into account social and environmental implications and in accordance with the provisions of the Project Implementation Manual; (ii) maintain
adequate records to reflect, in accordance with simple and sound accounting practices defined in the Project Implementation Manual, the operations, resources and expenditures in respect of the activity; and (iii) maintain adequate reporting in accordance with the standards specified in the Project Implementation Manual;

(d) the requirements that: (i) the goods, works and services to be financed from the proceeds of the Matching-Grant shall be procured in accordance with the procedures set forth in the Project Implementation Manual; and (ii) such goods, works and services shall be used exclusively in the carrying out of the activities under Part A.3 of the Project;

(e) the right of the Borrower to inspect, by itself, or jointly with the Beneficiary, and the Association, if the Association shall so request, the goods, works, sites, services and construction financed by the Matching-Grant, the operations thereof and any relevant records and documents;

(f) the right of Borrower to obtain all information as the Borrower, the Beneficiary, or the Association shall reasonably request regarding the administration, operations and financial conditions of the activities financed by the Matching-Grant; and

(g) the right of the Borrower to suspend or terminate the Beneficiary’s right to use the proceeds of the Matching-Grant upon failure by the Beneficiary to perform any of its obligations under Matching-Grant Agreement.

Project Monitoring and Evaluation

9. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about July 15 of each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) not later than October 15 of each year, or in the case of the mid-term review, not later than December 31, 2008, or such later dates as the Association shall
request, undertake with the Association a review of the implementation of the Project on the basis of the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association’s views on the matter.
SCHEDULE 5

Performance Indicators

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<th>Objectives of Components</th>
<th>Performance Indicator : by Project Completion</th>
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| Improvement in the technical and economic performances of irrigated farming systems and value-adding equipment and facilities | • At least 900 Sub-projects implemented and financed under the Investment and Innovation Fund (of which 800 in irrigation and 100 in agro-processing)  
• At least 1,800 producers and processors have adopted the new technologies.  
• 200 artisans and private service providers trained and 40 artisans newly installed for the dissemination of equipment and technologies |
| Improvement of economic performances of agricultural supply chains                         | • 4 sizeable private investment projects (foreign, joint-ventures, etc.) generated and/or supported in the selected supply chains  
• 8 inter-professional organizations created and operational in the selected supply chains  
• 4 sets of technical specifications prepared and adopted by private economic operators in the selected supply chains. |
| Availability of financial instruments and mechanisms for private economic operators in the selected supply chains | • At least 40 loans granted to private economic operators in the selected supply chains for an amount of CFAF 880 millions. |
| Availability and functionality of commercial infrastructure | • At least 8 facilities built/rehabilitated  
• 100% of the facilities are managed under management agreements signed between the state and private economic operators  
• At least 1,000 Km of rural roads rehabilitated |
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<td>Functionality of project steering committees</td>
<td>• Regular meetings of the Comité National de Pilotage et d’Orientation (CNPO) and of the Comités Régionaux de Pilotage et d’orientation (CRPO,) in accordance with the provisions of the Project Implementation Manual</td>
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