Development Credit Agreement

(Agricultural Services and Producers’ Organizations Program)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 14, 1999
AGREEMENT, dated October 14, 1999, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter of March 1999 from the Borrower describing a program of actions, objectives and policies designed to strengthen the Borrower’s agricultural sector (the Program) and declaring the Borrower’s commitment to the execution of the Program;

(B) the Borrower has requested that the Association support its execution of the Program through a series of Credits over a period of ten years, the proceeds of such Credits to be utilized by the Borrower for implementing the Program;

(C) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, which Project forms the first phase of the Program, has requested the Association to assist in the financing of the Project;

(D) the Borrower intends to obtain from the United Nations’ International Fund For Agricultural Development (IFAD) a loan (the IFAD Loan) in an amount equivalent to a minimum of five million five hundred thousand dollars ($5,500,000) to assist in financing part of the Program on the terms and conditions set forth in an agreement (the IFAD Loan Agreement) to be entered into between the Borrower and IFAD;

(E) Part E of the Project will be carried out by Association Sénégalaise pour la Promotion des Petits Projets de Développement à la base (ASPRODEB) with the Borrower’s agreement and assistance and, as part of such agreement and assistance, the Borrower will make available to ASPRODEB a portion of the proceeds of the Credit as provided in this Agreement; and

WHEREAS the Association has agreed on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower in support of the first phase of the Program 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 December 2, 1997), with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly renumbered as paragraphs (13) through (15):

“12. ‘Participating Country’ means any country that the Association determines meets the requirements set forth in Section 10 of Resolution No. 183 of the Board of Governors of the Association, adopted on June 26, 1996; and ‘Participating Countries’ means, collectively, all such countries.”

(b) The second sentence of Section 5.01 is modified to read:

“Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.”

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) “AGEP” means Agence d’Exécution Technique des Projets” an agency established within ASPRODEB;

(b) “ANCAR” means Agence Nationale de Conseil Agricole et Rural, the Borrower’s agency responsible for extension services;

(c) “ANCAR Management and Internal Organization Manual” means the manual adopted by ANCAR pursuant to Section 6.01(c) of this Agreement, containing
detailed arrangements regarding the implementation of Part D of the Project, as the same may be amended from time to time, in consultation with and with the consent of the Association, and such term includes any schedules to ANCAR’s Management and Internal Organization Manual;

(d) “ASPRODEB Project Agreement” means the Agreement between the Association and ASPRODEB, of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(e) “ASPRODEB Subproject Management Manual” means the manual adopted by ASPRODEB, containing detailed arrangements regarding the implementation of Part E of the Project, as the same may be amended from time to time, in consultation with and with the consent of the Association, and such term includes any schedules to ASPRODEB’s Subproject Management Manual;

(f) “ASPRODEB Subsidiary Agreement” means the agreements referred to in Section 3.01(a)(iv) of this Agreement;

(g) “Beneficiary” means the recipient of a grant for a Subproject (as hereinafter defined) prepared under Part E of the Project;

(h) “CNCR” means Conseil National de Concertation et de Coopération des Ruraux, a producers’ organizations national forum established in the territory of the Borrower;

(i) “DDI” means Direction de la Dette et de l’Investissement within MEFP (as hereinafter defined);

(j) “FCFA” means Franc de la Communauté Financière d’Afrique, the currency of the Borrower;

(k) “Grant” means any funding provided by ASPRODEB to a Beneficiary under Part E of the Project;

(l) “Implementing Agencies” means collectively ANCAR, ASPRODEB, ISRA, ITA, MOA, MOL and NARF;

(m) “ISRA Management and Internal Organization Manual” means the implementation manual adopted by ISRA, containing detailed arrangements regarding the implementation of Part B of the Project, and ISRA’s organizational, scientific management and personnel management procedures, as the same may be amended from
time to time, in consultation with and with the consent of the Association, and such term includes any schedules to ISRA Management and Internal Organization Manual;

(n) “ISRA” means the Institut Sénégalais de Recherches Agricoles, a research institute of the Borrower established pursuant to the Borrower’s Law No. 74-53, dated April 11, 1974, as amended by Law No. 97-13, dated July 2, 1997;

(o) “ITA Management and Internal Organization Manual” means the manual adopted by ITA, containing detailed arrangements regarding the implementation of Part C of the Project, and ITA’s organizational, scientific and administrative management procedures as the same may be amended from time to time, in consultation with and with the consent of the Association, and such term includes any schedules to ITA Management and Internal Organization Manual;

(p) “ITA” means Institut de Technologie Alimentaire, an institute working in the area of food technology, established pursuant to the Borrower’s Law No. 73-11, dated May 2, 1963, as amended by Law No. 97-13, date July 13, 1997;

(q) “MOA” means the Borrower’s Ministry of Agriculture;

(r) “MEFP” means the Borrower’s Ministry of Economy, Finance and Planning;

(s) “MOL” means the Borrower’s Ministry of Livestock;

(t) “NARF Beneficiary” means the recipient of a grant for a Research Subproject (as hereinafter defined) prepared under Part A of the Project;

(u) “NARF Research Subproject Management Manual” means the manual adopted by the Borrower, containing, inter alia, terms and conditions for research grants under Part A of the Project, as the same may be amended from time to time, in cooperation with and with the consent of the Association, and such term includes any schedules to NARF Research Subproject Management Manual;

(v) “NARF” means National Agricultural Research Fund, a public institution under the joint control of MOA and MEFP, established pursuant to the Borrower’s Decree No. 99-85, dated February 4, 1999;

(w) “National Coordination and Monitoring Committee” means the committee referred to in paragraph 6 of Schedule 4 to this Agreement;

(x) “Performance Indicators” means the indicators referred to in Schedule 6 to this Agreement;
(y) “Pilot Program for Producer Organization” means the pilot program for producers’ organizations which is being carried out by the Borrower;

(z) “Producers’ Organizations” or the acronym “PO” means a group or groups of producers organized in the territory of the Borrower under the Borrower’s laws and regulations in force;

(aa) “Project Account” means each of the accounts referred to in Section 3.04 of this Agreement;

(bb) “Project Preparation Advance” means the Project preparation advance granted by the Association to the Borrower pursuant to the exchanges of letter, dated January 18, 1996, and March 25, 1996, as amended, between the Borrower and the Association;

(cc) “Research Grant” means any funding provided through NARF to a NARF Beneficiary under Part A of the Project;

(dd) “Research Subproject” means any of the activities prepared and carried out under Part A of the Project through NARF;

(ee) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement; and

(ff) “Subproject” means any of the activities prepared and carried out under Part E of the Project through Grants provided by ASPRODEB.

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 twenty million two hundred thousand Special Drawing Rights (SDR 20,200,000).

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: (i) amounts paid (or, if the Association shall so agree, amounts to be paid) by ASPRODEB on account of withdrawals made by a Beneficiary under a Subproject to meet the reasonable cost of goods and services required for the Subproject in respect of which the withdrawal from the Credit Account is requested; and (ii) expenditures made (or if the Association shall so agree, to be made) in respect of the reasonable cost of
goods and services required for Parts A, B, C, D, F, G and H of the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for purposes of the Project respectively, open and maintain in FCFA, a special deposit account in a commercial bank on terms and conditions satisfactory to the Association including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 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 unwritten balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be June 30, 2003, 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 June 1 and December 1 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 June 1 and December 1 commencing June 1, 2009, and ending December 1, 2038. Each installment to, and including the installment payable on, December 1, 2018 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 Association shall consider the Borrower creditworthy for Association 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 judgement 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 United States of America 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:

(i) shall carry out Parts A, B, C, D, F, G and H of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, environmental, agricultural, and technical practices, and in accordance with the implementation program set forth in Schedule 4 to this Agreement, and shall provide, promptly as needed, the funds, facilities, services and other resources required for Parts A, B, C, D, F, G and H of the Project;

(ii) shall cause ASPRODEB to carry out Part E of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, environmental, agricultural, and technical practices, and in accordance with the ASPRODEB Subsidiary Agreement;

(iii) without limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall cause ASPRODEB to perform in accordance with the provisions of the ASPRODEB Project Agreement all the obligations of ASPRODEB 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 ASPRODEB to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance; and

(iv) make the proceeds of the Credit allocated to Part E of the Project available, as grant, to ASPRODEB under a subsidiary agreement to be entered into between the Borrower and ASPRODEB, under
terms and conditions which shall have been approved by the Association.

(b) The Borrower shall exercise its rights under the ASPRODEB Subsidiary 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 ASPRODEB Subsidiary Agreement or any provision thereof.

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. For the purposes of Section 9.07 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 after 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 investments under the Project; and

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

Section 3.04. Without limitation on the provisions of Section 3.01, the Borrower shall: (a) cause the respective Implementation Agencies to open and maintain until the completion of the Project, one account each (collectively the Project Accounts), in a commercial bank acceptable to the Association and on terms and conditions acceptable to the Association; (b) annually deposit into the respective Project Accounts, in the name of the respective Implementing Agencies, an amount equivalent to a minimum of $1,800,000, representing the Borrower’s counterpart contribution to the respective Part of the Project; and (c) ensure that the amounts deposited into the Project Accounts shall be used exclusively for the purposes of defraying the cost of expenditures incurred for the execution of the Project, and not otherwise financed out of the proceeds of the Credit.

Section 3.05. The Borrower shall cause ITA to establish, by not later than December 31, 1999, a system to dissociate and account for separately its research and commercial activities.

Section 3.06. The Borrower shall, not later than December 31, 2001, take all necessary measures to change the legal status of NARF to an entity governed by private law with terms of reference acceptable to the Association.
Section 3.07. The Borrower shall cause ANCAR to: (a) carry out and complete, by no later than December 31, 2001, an evaluation of ANCAR’s personnel to identify staff that need to be retained; and (b) ensure that, by no later than December 31, 2001, all ANCAR staff are brought under contractual arrangements.

Section 3.08. The Borrower shall, no later than December 31, 2001, take all necessary measures to reduce its shares in ANCAR to a maximum of 49%.

Section 3.09. The Borrower shall, no later than December 31, 2001, carry out, through an external evaluation team, an evaluation of extension services of the regional rural development agencies and of ANCAR, including the cost efficiency of each structure, beneficiaries satisfaction and relevance of extension services, in order to decide on institutional modalities for carrying out extension services.

Section 3.10. The Borrower shall furnish to the Association technical audit reports, in form and substance acceptable to the Association, on the implementation of the work programs and the corresponding activities under Part E of the Project, and progress reports based on time-bound Performance Indicators and use of funds, three months before each annual review referred to in paragraph 2 of Annex 4 to this Agreement.

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 Accounts, 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, 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 and 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:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account 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 (l) of the General Conditions, the following additional event is specified, namely that a situation shall have arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.
ARTICLE VI

Effective Date; Termination

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

(a) (i) the Borrower has established a financial accounting and management system, satisfactory to the Association, certified by external auditors, for ANCAR, ASPRODEB, ITA, MOA, MOL and NARF respectively; and (ii) NARF has subcontracted its financial management and accounting functions to an accounting firm acceptable to the Association;

(b) ANCAR, ASPRODEB, ITA, MOA, MOL and NARF, have respectively appointed an external auditor, acceptable to the Association;

(c) ANCAR has: (i) adopted the Management and Internal Organization Manual; (ii) appointed an accounting firm to assist ANCAR in carrying out its financial management and accounting for the first two years after the Effective Date, and for the training of its accounting and financial management staff;

(d) the Borrower has issued an organizational decree establishing a single directorate per region including support to crops and livestock production; and a maximum of seven national directorates for MOA and MOL; and

(e) the ASPRODEB Subsidiary Agreement has been entered into.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.
ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance 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 Economy, Finance and Planning
Rue René Ndiaye
B.P. 4017
Dakar
Senegal

Cable address: MINIFINANCES
Telex: 3203 G Dakar

For the Association:

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

Cable address: INDEVAS
Telex: 248423 (MCI) or 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 SENEGAL

By /s/ Mamadou Mansour Seck
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jean-Louis Sarbib
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:

<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) Civil works</td>
<td></td>
<td>100% of foreign expenditures and 80% of local expenditures</td>
</tr>
<tr>
<td>(a) ISRA</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>(b) ANCAR</td>
<td>120,000</td>
<td></td>
</tr>
<tr>
<td>(c) ITA</td>
<td>140,000</td>
<td></td>
</tr>
<tr>
<td>(d) MOA</td>
<td>620,000</td>
<td></td>
</tr>
<tr>
<td>(e) MOL</td>
<td>120,000</td>
<td></td>
</tr>
<tr>
<td>(2) Goods and equipment</td>
<td></td>
<td>100% of foreign expenditures and 80% of local expenditures</td>
</tr>
<tr>
<td>(a) ISRA</td>
<td>830,000</td>
<td></td>
</tr>
<tr>
<td>(b) ANCAR</td>
<td>1,320,000</td>
<td></td>
</tr>
<tr>
<td>(c) ITA</td>
<td>220,000</td>
<td></td>
</tr>
<tr>
<td>(d) MOA</td>
<td>850,000</td>
<td></td>
</tr>
<tr>
<td>(e) MOL</td>
<td>480,000</td>
<td></td>
</tr>
<tr>
<td>(f) NARF</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>(g) ASPRODEB</td>
<td>70,000</td>
<td></td>
</tr>
<tr>
<td>(h) DDI</td>
<td>20,000</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>(3) Consultants services and training</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) ISRA</td>
<td>790,000</td>
<td></td>
</tr>
<tr>
<td>(b) ANCAR</td>
<td>830,000</td>
<td></td>
</tr>
<tr>
<td>(c) ITA</td>
<td>230,000</td>
<td></td>
</tr>
<tr>
<td>(d) MOA</td>
<td>740,000</td>
<td></td>
</tr>
<tr>
<td>(e) MOL</td>
<td>1,250,000</td>
<td></td>
</tr>
<tr>
<td>(f) NARF</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>(g) ASPRODEB</td>
<td>1,330,000</td>
<td></td>
</tr>
<tr>
<td>(h) DDI</td>
<td>40,000</td>
<td></td>
</tr>
<tr>
<td>(4) Operating costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) ANCAR</td>
<td>2,270,000</td>
<td>80%</td>
</tr>
<tr>
<td>(b) NARF</td>
<td>300,000</td>
<td>95% until December 31, 2001 and 80% thereafter</td>
</tr>
<tr>
<td>(c) DDI</td>
<td>300,000</td>
<td>80%</td>
</tr>
<tr>
<td>(5) NRM Pilot program (ANCAR)</td>
<td>470,000</td>
<td>100%</td>
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<tr>
<td>(6) Grants for the Research Subproject (NARF)</td>
<td>1,950,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Grants for Subproject (ASPRODEB)</td>
<td>960,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(8) Refunding of Project Preparation Advance</td>
<td>1,600,000</td>
<td>Amounts due pursuant to Section 2.02 (c) of this Agreement</td>
</tr>
<tr>
<td>(9) Unallocated</td>
<td>1,670,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>20,200,000</td>
<td></td>
</tr>
</tbody>
</table>
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 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 goods or 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 incremental expenditures incurred on account of Project implementation, management and monitoring including office consumables (including communication expenses), staff travel and associated subsistence allowances, salaries for incremental contractual and temporary staff, office rental, office supplies and maintenance, fuel and maintenance for vehicles and equipment and audits but excluding salaries of the Borrower’s civil servants.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures:

   (a) prior to the date of this Agreement;

   (b) under Categories 1 (a), 2 (a) and 3 (a) unless, ISRA has: (i) established a financial management and accounting system, acceptable to the Association and certified by external auditors, dissociating and accounting for separately ISRA’s commercial activities and research activities; (ii) appointed its financial management and accounting staff with terms of reference and qualifications satisfactory to the Association; (iii) completed the financial restructuring (reprise du passif antérieur), in form acceptable to the Association; (iv) adopted a plan for the restructuring of ISRA’s infrastructure network in conjunction with available resources and its strategic plan, acceptable to the Association; (v) appointed an accounting firm, responsible for ISRA’s accounts for the first two years of the Project and the training of its accounting staff; (vi) furnished a balanced and audited balance sheet, in form satisfactory to the Association; and (vii) appointed an external auditor, acceptable to the Association.

   (c) under Categories (6) and (7), unless the grants for Subproject Grants or Research Subprojects have been made in accordance with the criteria, procedures and terms and conditions set forth or referred to in paragraphs 8 through 12 of Schedule 4 to this Agreement, as applicable, respectively.
4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (i) works and goods under contracts not exceeding $200,000 equivalent; (ii) consultants’ services (firms) under contracts not exceeding $100,000 equivalent; (iii) consultants’ services (individuals) under contracts not exceeding $50,000 equivalent; and (iv) training and operating costs 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: (i) increase smallholder agricultural production and incomes through technological change; (ii) empower the producers and their organizations; (iii) increase accountability of public service institutions towards producers and producers’ organizations; and (iv) respond to the needs of different categories of the rural population, taking into account the specific needs of deprived rural poor, women and youth.

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: NARF**

1. Provision of grants to research institutions, under contractual arrangements, to:
   (a) carry out research in the area of crop production, livestock, forestry, fisheries and policy analysis/macroeconomics in eight agroecological zones including Senegal river basin, Sylvo-pastoral zone, Northern Peanut Basin, Southern Peanut Basin, Upper Casamance and Western Senegal, Lower and Middle Casamance, The Niayes, and The Coastal Zone; (b) carry out adaptive research including natural resource management and production systems, on-farm testing and adaptation, as well as participatory technology development; (c) carry out a series of research activities through partnership with research institutions, small processing enterprises and processing groups, in the area of post harvest and agro-processing for cereals and leguminous crops, fruits and vegetables, fish and fish products, and livestock products; and (d) enhance scientists’ participation in regional and international research networks, including collaborative research activities.

2. Strengthening of NARF operations through the provision of technical advisory services and acquisition of equipment.

**Part B: ISRA**

1. Rehabilitation of buildings owned by ISRA.

2. Rehabilitation of research stations and experimental plots.

3. Provision of technical advisory services and carrying out of a series of short and long-term training programs for scientists and managers in the scientific area and in the areas of financial station and human resources management, and documentation, editing and publication.
4. Acquisition of office, laboratory and research station equipment and vehicles.

Part C: ITA

1. Carrying out of a program to rehabilitate buildings for ITA, acquisition of laboratory pilot plants and office equipment therefor and acquisition of vehicles.

2. Provision of technical advisory services and carrying out of a series of short and long-term training programs for scientists and managers in the areas of financial management; laboratory and pilot plants management; human resource management; and documentation, editing and publishing.

Part D: ANCAR

1. Provision of extension services to producers through contractual arrangements between ANCAR and the rural communities or POs.

2. Strengthening of ANCAR through the provision of training of staff at all levels on the technical aspects of agriculture and communication and extension methodology.

3. Designing of detailed operating procedures to ensure ANCAR’s decentralization including granting of autonomy to regional offices to manage staff and financial resources and providing for mechanisms to involve the participation of POs in decision-making on local level staffing evaluation issues.

4. Development of mechanisms to improve the capacity of extension services and producers’ organizations to work together to define and implement extension activities, through the provision of technical advisory services.

5. Provision of technical advisory services to implement mechanisms to collaborate with producers organizations to: (i) elaborate local level extension activities based on participatory assessment; (ii) involve POs and rural communities in the selection and evaluation of the extension workers; and (iii) train and involve POs’ auxiliary personnel in the implementation of the extension activity.

6. Provision of technical advisory services to upgrade technical and managerial skills of extension personnel through a regular in-service, as well as short-term training activities including training in the areas of participatory technology development methods, basic economic and financial analysis, social and gender analysis, and management techniques.

7. Provision of technical advisory services for the establishment of a system for continued staff evaluation and reward for best performances.
8. Carrying out of a series of programs to: (i) promote the use of mass media to complement field activities; (ii) promote a systematic concern for meeting the extension needs of female producers, processors, and marketers; (iii) implement pilot extension activities, such as provision of specialized extension advice from other providers, on a contractual basis; and (iv) implement in collaboration with the livestock Department of MOL, the West African Pilot Pastoral Pilot Program (WAPPP) aiming at testing community-based pastoral resource management.

9. Rehabilitation or construction of office buildings and provision of furniture and equipment therefor, and acquisition of vehicles.

Part E: ASPRODEB (Support to Producer Organizations)

1. Provision of technical advisory services, through contractual arrangements, to assist POs (at the regional and local levels) to: (i) promote regional and local committees integrated with POs representatives; (ii) train the local and regional committee members and to assist them in reviewing and selecting Subproject proposals, and monitoring the results of Subproject implementation; (iii) prepare and recurrently update a database for potential providers of services; (iv) take part in participatory diagnosis at rural community level; and (v) carry out institutional diagnosis of national federations.

2. Provision of Grants, through contractual arrangements with local and regional POs, for:

   (a) training in the area of: (i) functional literacy and numeracy; (ii) organizational and financial and accounting management for PO Board members and leaders; (iii) association rules and processes, including cooperative and associative movement regulations; (iv) leadership skills; (v) understanding the macro-economic and institutional environment; (vi) participatory diagnosis, including gender analysis; (vii) program or project formulation; and (viii) the organization and management of marketing and of input supply delivery.

   (b) carrying out of a program to assist POs in accessing the means of communication (rural radio, newspapers, videocassettes as well as less formal means of communication: traditional theater and songs) to communicate relevant information to their members in technical, economic and organizational fields.

   (c) Provision of technical and management advisory services to assist POs in the implementation of economic activities including specialized agricultural technical skills, preparation of the documentation to access credit, and micro-enterprise management, and establishment of a start-up fund to support innovations on a matching grant basis.
3. Provision of technical advisory services and logistical assistance for the strengthening of the capacity of CNCR leaders in their representation and advocacy role, their capacity to analyze, synthesize and design strategic alternatives, and negotiate with public and private partners, including: (i) training for CNCR leaders; (ii) communication and networking, with the financing of a communications specialist; and (iii) establishment of a data base on monitoring and evaluation of POs.

4. Provision of technical advisory services for financial audit of Subprojects of POs, the financial management and accounting of federations and technical evaluation of Subprojects.

5. Provision of technical advisory services to encourage and strengthen the participatory activities for technological development between agricultural and food processing research, extension services and POs.

Part F: Strengthening of MOA

1. Provision of technical advisory services to MOA to facilitate the decentralization of its services to the regional and departmental level including design of procedures and definition of the role and functions of the regional and departmental services within MOA and vis-à-vis their clients and stakeholders.

2. Acquisition of vehicles, computers and office equipment.

3. Establishment of an efficient, reliable and rapid data collection and analysis system through: (i) a simplification of the procedures; (ii) decentralization of the functions to the regional and departmental level; and (iii) training in methodology for data collection and analysis.

4. Carrying out of studies to redefine responsibilities between the MOA and the regional rural development agencies as well as studies for the rationalization of laboratory network.

5. Carrying out of a series of training program aimed at: (i) sensitizing on the new role of MOA; (ii) improving management, especially for the new human resources management unit and the financial and administrative management Directorate of the MOA; and (iii) improving technical skills; improving and standardizing the quality of services provided by pest control and seed-certification personnel.


7. Provision of technical advisory services for the privatization, inter alia, of pest control services, and seed multiplication through initial training in business management,
a service for advice upon request, and a start-up fund on a matching grant basis to assist MOA agents to establish as private entities.

**Part G: Strengthening of MOL**

1. Establishment of an analysis, planning and monitoring and evaluation unit within MOL.

2. Carrying out, through the Livestock Directorate of MOL, of programs pertaining to animal health, quality control of animal products and public food inspection, zoosanitary information, epidemiological surveillance, and livestock modelization, including:

   (a) provision of technical advisory services to MOL to facilitate the decentralization of its services to the regional and departmental level including design of procedures and definition of the role and functions of the regional and departmental services within the MOL, and vis-à-vis their clients and stakeholders;

   (b) acquisition of vehicles, computer and office equipment, and minor equipment to test the quality of drugs and consumer animal products;

   (c) establishment of an efficient, reliable and rapid data collection and analysis system through: (i) a simplification of the procedures; (ii) decentralization of the functions to the regional and departmental level; and (iii) training in methodology for data collection and analysis;

   (d) provision of training to staff in the area of data collection, management and analysis;

   (e) carrying out of training programs to improve and standardize the quality of the services provided by the veterinary personnel;

   (f) provision of technical advisory services to enhance the capacity of the national and regional services to ascertain quality control and provision of training in quality control and management and development of a reporting system;

   (g) carrying out of a series of training programs aimed at: (i) sensitizing MOL staff on the new role of MOL; and (ii) improving technical skills;

   (h) provision of technical advisory services for the privatization of veterinarian services, through initial training in business management, establishment of a service for advice upon request, and a start-up fund on a matching grant basis to assist the MOL agents to establish as private entities; and
(i) rehabilitation/construction of veterinary centres.

**Part H: Strengthening of DDI**

Strengthening of DDI through: (a) provision of computer equipment, software and office equipment; (b) provision of technical advisory services; (c) carrying out of a training program; and (d) provision of assistance to carry out audits of the different Implementing Agencies.

* * *

The Project is expected to be completed by December 31, 2002.
SCHEDULE 3

Procurement

Section I.  Procurement of Good and Works

Part A: General

1. Goods and works shall be procured in accordance with: (a) the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999, subject to the modifications set forth in paragraph 2 of this Part A (the Guidelines); and (b) the provisions of the following Parts of this Section I.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to “Bank member countries” shall be deemed to be references, respectively, to “Participating Countries” and “Participating Country”.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

   (a) Grouping of contracts

To the extent practicable, contracts for goods and work shall be grouped in bid packages estimated to cost $200,000 and $50,000 equivalent or more each respectively.

   (b) Preference for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Republic of Senegal and works to be carried out by domestic contractors.
(c) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost $10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. Limited International Bidding

All scientific and agricultural equipment which the Association agrees can only be purchased from a limited supplier, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

2. National Competitive Bidding

Works estimated to cost less than $50,000 equivalent per contract, up to an aggregate amount not to exceed $2,800,000 equivalent, and goods estimated to cost less than $200,000 equivalent per contract, up to an aggregate amount not to exceed $550,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

3. International or National Shopping

Minor spare parts, vehicles and equipment estimated to cost less than $50,000 equivalent per contract, up to an aggregate amount not to exceed $200,000 equivalent, may be procured under contracts awarded on the basis of international or national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

4. Procurement from IAPSO

Minor spare parts, vehicles and equipment may be procured from the Inter-Agency Procurement Services of the UNDP (IAPSO) in accordance with the provisions of paragraph 3.9 of the Guidelines.

5. Community Participation

Goods and works required for Part E of the Project, up to an aggregate amount not to exceed $1,300,000, shall be procured in accordance with procedures acceptable to the Association.
Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods and works estimated to cost the equivalent of $200,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

1. Consultants’ services shall be procured in accordance with: (a) the provisions of the Introduction and Section IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in January 1997 and revised in September 1997 and January 1999, (the Consultant Guidelines), subject to the modifications thereto set forth in paragraph 2 of this Part A, and (b) the provisions of the following Parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the reference to “Bank Member Countries” and “Member Country” shall be deemed to be references, respectively to “Participating Countries” and “Participating Country”.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants’ services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and
the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants’ services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services, estimated to cost less than $100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

**Part C: Other Procedures for the Selection of Consultants**

1. **Least-cost Selection**

   Services for audits estimated to cost less than $50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. **Selection Based on Consultants’ Qualifications**

   Services for studies estimated to cost less than $100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. **Individual Consultants**

   Services for tasks that meet the requirements set forth in paragraph 5.01 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

4. **Single Source Selection**

   Services under Part E of the Project, may, with the Association’s prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

**Part D: Review by the Association of the Selection of Consultants**

1. **Selection Planning**

   Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1
of Appendix 1 to the Consultant Guidelines. Selection of all consultants’ services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. **Prior Review**

   (a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of $100,000 or more, the procedures set forth in paragraphs 1, 2 and (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

   (b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of $100,000 or less, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

   (c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of $50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. **Post Review**

   With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.
SCHEDULE 4

Implementation Program

1. (a) The Borrower shall carry out Part A of the Project through NARF, Part B of the Project through ISRA, Part C of the Project through ITA, Part D of the Project through ANCAR, Part F of the Project through MOA, Part G of the Project through MOL and Part H of the Project through DDI.

(b) Except as the Association shall otherwise agree, in carrying out the respective parts of the Project, the Borrower shall cause the Implementing Agencies to apply the guidelines and procedures specified in their respective implementation manuals and to not amend such implementation manuals 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.

Annual Review

2. (a) The Borrower shall, in conjunction with the Implementing Agencies, carry out, in accordance with the Performance Indicators, jointly with the Association, a comprehensive annual project implementation review aimed at: (i) documenting progress toward objectives; (ii) identifying and resolving obstacles to project implementation; and (iii) adjusting, in agreement with the Association, targets and corresponding programs to reflect progress achieved in the implementation of the Project as of the date of the review, and ensuring responsiveness to changes to effectively achieve the objectives of the Project.

(b) The Borrower shall, not later than four weeks prior to the review referred to in (a) above, furnish to the Association a report, in such detail as the Association shall reasonably request, including an evaluation of the progress achieved in Project implementation.

(c) Promptly after completing such reviews, the Borrower shall carry out, or cause Implementing Agencies to carry out, recommendations arising out of said reviews, with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association’s comments thereon.

Mid-term Review

3. 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 November 30, 2001, 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) review with the Association, by December 31, 2001, or such later date as the Association shall request, 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.

4. The Borrower shall carry out all actions required under the environmental management plan to mitigate and compensate for the impacts that have been identified through the environmental impact assessment.

5. Not later than September 30 of each year, starting from 1999, the Borrower shall furnish to the Association, for comments a copy of each Implementing Agency’s work program and budget for the coming year;

6. The Borrower shall establish and thereafter maintain a National Coordination and Monitoring Committee, with representatives from MOA, MOL, MEFP, the Prime Minister’s office, ITA, ISRA, ANCAR, ASPRODEB and NARF. The Committee shall meet every three months and provide all necessary support to the Program.

7. The Borrower shall, or shall cause the Implementing Agencies to, prepare and furnish to the Association for its review and comments, a comprehensive progress report every semester on Project implementation. Following such report, the Borrower shall continue the implementation of the Project, taking into account the views of the Association given pursuant to such progress reports.
NARF Research Subprojects

8. NARF, through its scientific and management governing bodies shall select research proposals on the basis of their relevance in terms of the needs of the beneficiaries and high scientific quality and shall be responsible for the monitoring and evaluation of the results of the research.

9. Eligibility Criteria for Research Subprojects

No Research Subproject shall be eligible for financing out of the proceeds of the Credit unless NARF verifies that the Research Subproject satisfies the eligibility criteria specified below and in more detail in the Research Subproject management manual which shall include, inter alia, the following:

(a) the Research Subproject shall be initiated by the NARF Beneficiary; and

(b) the Research Subproject shall meet the criteria specified in the Research Subproject management manual.

10. Terms and Conditions of Grants made for Subprojects

Subprojects shall be carried out pursuant to Financing Agreements, to be concluded between NARF and the Beneficiary under terms and conditions set forth in the Subproject Management Manual and satisfactory to the Association which, inter alia, shall include the following:

(a) financing to be on a grant basis;

(b) the obligation to carry out the Subproject in accordance with the Subproject Management Manual, with due diligence and efficiency and in accordance with sound environmental, technical, financial, and managerial standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Subproject;

(c) the right of NARF to inspect by itself, or jointly with the Association, if the Association shall so request, the equipment, experimentation plots and laboratories, sites, services and training, included in the Subproject, the operations thereof and any relevant records and documents;

(d) the right of NARF to obtain all information as NARF or the Association shall reasonably request regarding the administration, operation and financial conditions of the Subproject; and
(e) the right of NARF to suspend or terminate the right of the Beneficiary to use the proceeds of the Credit for the Subproject upon the failure by the Beneficiary to perform any of its obligations under its Financing Agreement, such failure to be determined by external audits carried out in accordance with the procedures set forth in the Subproject Management Manual.

ASPRODEB Subprojects

11. Eligibility Criteria for Subprojects

No Subproject shall be eligible for financing out of the proceeds of the Credit unless ASPRODEB verifies that the Subproject satisfies the eligibility criteria specified below and in more detail in the Subproject management manual which shall include, inter alia, the following:

(a) the Subproject shall be initiated by the Beneficiary;

(b) the Subproject shall be financially and technically viable and meet the criteria specified in the Subproject management manual;

(c) the Subproject shall provide a contribution that will vary from 5 to 40% depending on the type of activities of the estimated Subproject costs in the form of cash, materials, labor or other services, as specified in the Subproject management manual; and

(d) the Subproject shall be in compliance with the standards set forth in the applicable laws of the Borrower relating to health, safety and environmental protections as well as the Association’s applicable guidelines; and

12. Terms and Conditions of Grants made for Subprojects

Subprojects shall be carried out pursuant to Financing Agreements, to be concluded between ASPRODEB and the Beneficiary under terms and conditions set forth in the Subproject Management Manual and satisfactory to the Association which, inter alia, shall include the following:

(a) financing to be on a grant basis;

(b) the obligation to carry out the Subproject in accordance with the Subproject Management Manual, with due diligence and efficiency and in accordance with sound environmental technical, financial, and managerial standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Subproject;
(c) the requirement that: (i) the goods, works and services to be financed from the proceeds of the Credit shall be procured in accordance with the procedures set forth in the guidelines for simplified Procurement and Disbursement for community-based investment, and (ii) such goods, works and services shall be used exclusively in the carrying out of the Subproject;

(d) the right of ASPRODEB to inspect by itself, or jointly with the Borrower and the Association, if the Association shall so request, the equipment, sites, services and training, included in the Subproject, the operations thereof and any relevant records and documents;

(e) the right of ASPRODEB to obtain from the Subproject Beneficiaries all information as ASPRODEB, the Borrower or the Association shall reasonably request regarding the administration, operation and financial conditions of the Subproject; and

(f) the right of ASPRODEB to suspend or terminate the right of the Beneficiary to use the proceeds of the Credit for the Subproject upon the failure by the Beneficiary to perform any of its obligations under its Financing Agreement, such failure to be determined by external audits carried out in accordance with the procedures set forth in the Subproject Management Manual.
SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

   (a) the term “eligible Categories” means Categories (1) through (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

   (c) the term “Authorized Allocation” means an amount equivalent to CFAF 1,000,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule; provided, however, that unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount equivalent to CFAF 500,000,000, 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 2,000,000;

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

3. After the Association has received evidence satisfactory to it that the Special Accounts have 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 which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

   (b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify; (ii) prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on
behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

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

**Performance Indicators**

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<th>Organisation</th>
<th>Indicators</th>
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| **ANCAR**    | - Number of signed contracts between POs and ANCAR  
- Number of R/D projects with ASPRODEB                                                                        |
| **ASPRODEB** | - Number of regional and local committees of POs  
- Number of sub-projects in execution  
- Number of R/D projects  
- Number of bulletins                                                                 |
| **NARF**     | - Number of R/D projects financed  
- Number of research projects financed  
- Number of beneficiaries institutions                                                                 |
| **ITA/ISRA** | - Number of R/D projects  
- Number of research projects financed by NARF  
- Number of participatory diagnosis  
- Number of technology made available to ANCAR and the POs                                                      |
| **MOA and AOL** | - Services of MOA and MOL decentralized, excluding all duplication with ANCAR or competition with the private sector  
- Statistical and technical information system has been defined and become operational  
- The zoo-sanitary and veterinary hygiene control has become operational (number of animals vaccinated, serological control, epidemiological survey, and diagnostics and inspection) |
| **DDI**      | - Reduction in the processing time of withdrawal applications  
- Monitoring of budgetary execution  
- Number of procurement contracts accepted by Association without comments |
| **Overall Project** | - Number of new technologies adopted by the producers in relation with technologies developed  
- Productivity increase as a result of technology adoption where technologies have been adopted  
- Percentage of land or of herds under new technologies |