

CONFORMED COPY

CREDIT NUMBER 3045 TO

Development Credit Agreement

(Public Enterprise Restructuring and Privatization Support Project)

between

REPUBLIC OF TOGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 2, 1998

CREDIT NUMBER 3045 TO

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 2, 1998, between REPUBLIC OF TOGO (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received a letter, dated September 15, 1997, from the Borrower describing a program of actions, objectives and policies designed to improve the performance of its public sector and to promote sector development (the Program) and declaring the Borrower's commitment to the execution of the Program; and

WHEREAS the Association has agreed on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) The last sentence of Section 3.02 is deleted.

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

"Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank 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."

(c) Section 6.03 is modified to read:

"Section 6.03. Cancellation by the Association. If: (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) at any time, the Association determines, after consultation with the Borrower, that an amount of the Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Credit, or (c) at any time, the Association determines, with respect to any contract to be financed out of the proceeds of the Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Association to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (d) at any time, the Association determines that the procurement of any contract to be financed out of the proceeds of the Credit is inconsistent with the procedures set forth or referred to in the Development Credit Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (e) after the Closing Date, an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Credit shall be canceled."

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) "Alafia" means Consortium Alafia, a non-governmental organization, established and operating pursuant to the laws of the Borrower;

(b) "BTD" means Banque Togolaise de Développement, established and operating under the laws of the Borrower;

(c) "CAS-IMEC" means the Cellule d'Appui et de Suivi des Institutions Mutualistes ou Coopératives d'Epargne et de Crédit of MEF;

(d) "CNC" means the Borrower's Comité National de Coordination, established and operating pursuant to the laws of the Borrower;

(e) "DIGA" means Direction de l'Information et de l'Audit of MSE;

(f) "DP" means Direction du Portefeuille of MSE;

(g) "Franc de la Communauté Financière Africaine" and "CFAF" mean the currency of the Borrower;

(h) "FUCEC" means Fédération des Unions des Coopératives d'Epargne et de Crédit, a non-governmental organization, established and operating under the laws of the Borrower;

(i) "MEF" means the Borrower's Ministry of Economy and Finance;

(j) "MMETPT" means the Borrower's Ministry of Mines, Equipment, Transport, Post and Telecommunications;

(k) "MSE" means the Borrower's Ministry responsible for State Enterprises;

(l) "Project Implementation Plan" means the plan described in the Borrower's letter, dated December 13, 1997, specifying, inter alia, procedures and other arrangements agreed upon between the Borrower and the Association for the purpose of the implementation of the Project;

(m) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters, dated April 25, 1997 and May 13, 1997, between the Borrower and the Association;

(n) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement;

(o) "SPT" means Société des Postes du Togo, established and operating pursuant to the Borrower's Decree No. 96-22/PR of February 28, 1996;

(p) "TOGO TELECOM" means Société des Télécommunications du Togo, established and operating pursuant to the Borrower's Decree No. 96-22/PR of February 28, 1996; and

(q) "UCP" means Unité de Coordination du Projet, established and operating pursuant to the laws of the Borrower.

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-two million Special Drawing Rights (SDR 22,000,000).

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

(b) The Borrower may, for the purposes of Part A of the Project, open and maintain in CFAF a special deposit account (Special Account A), for the purposes of Parts B and D of the Project, open and maintain in CFAF a special deposit account (Special Account B), and for the purposes of Part C of the Project, open and maintain in CFAF a special deposit account (Special Account C), all in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against setoff, seizure or attachment. Deposits into, and payments out of each 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 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, 2002 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, 2008 and ending February 15, 2038. Each installment to and including the installment payable on August 15, 2017 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 (3) 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 (6) 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 with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, environmental, and technical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and, except as the Borrower and the 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. Except as the Association shall otherwise agree, procurement of the goods 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 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 the Project; and

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

Section 3.04. Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall:

(a) open, and maintain for the duration of the implementation of the Project, an account (the Project Account) in a commercial bank acceptable to the Association and on terms and conditions satisfactory to the Association;

(b) deposit into the Project Account an initial amount equivalent to \$70,000 (the Initial Deposit) and thereafter, at annual intervals, deposit into the Project Account an amount equivalent to the Initial Deposit; and

(c) ensure that funds deposited into the Project Account in accordance with paragraph (b) above shall be used exclusively to finance the Borrower's share of expenditures under the Project other than those financed from the proceeds of the Credit.

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 (6) months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the 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:

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

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

(iii) enable the Association's representatives to examine such records; and

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

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely, that a situation has 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) the auditors referred to in Section 4.01 (b) (i) of this Agreement have been hired in accordance with the provisions of Section II of Schedule 3 to this Agreement; and

(b) (i) the Project Account referred to in Section 3.04 (a) of this Agreement, has been opened, and (ii) the Borrower has made the Initial Deposit referred to in Section 3.04 (b) of this Agreement.

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 the Borrower at the time responsible for Finance 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:

(2)	Equipment		100% of foreign expenditures and 90% of local expenditures
	(a) under Part A of the Project	250,000	
	(b) under Parts B and D of the Project	1,900,000	
	(c) under Part C of the Project	600,000	
(3)	Consultants' services		100%
	(a) under Part A of the Project	4,600,000	
	(b) under Parts B and D of the Project	4,400,000	
	(c) under Part C of the Project	1,900,000	
(4)	Training		100%
	(a) under Part A of the Project	300,000	
	(b) under Parts B and D of the Project	500,000	
	(c) under Part C of the Project	700,000	
(5)	Severance payments	3,100,000	80% of expenditures incurred
(6)	Incremental operating cost		90%
	(a) under Part A of the Project	250,000	
	(b) under Parts B and D of the Project	100,000	
	(c) under Part C of the Project	400,000	
(7)	Refunding of Project Preparation Advance	850,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(8)	Unallocated	1,400,000	
	TOTAL	22,000,000	

2. For the purposes of this Schedule:

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

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

(c) the term "incremental operating costs" means the incremental expenses incurred on account of Project implementation, management, auditing and monitoring, including office supplies, telecommunications costs, vehicle operation, travel and supervision costs but excluding salaries of officials of the Borrower's civil service; and

(d) the term "severance payments" means payments made by the Borrower's public enterprises selected for privatization to their employees separated pursuant to the Borrower's separation program described in the Borrower's letter of December 13, 1997.

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, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 2,200,000, may be made in respect of Category (5) on account of payments made for expenditures before that date but after February 28, 1997; and

(b) expenditures under Category (1), unless the Borrower has furnished to the Association evidence satisfactory to the Association showing that a private sector operator, acceptable to the Association, has been hired, in accordance with the Program, under terms and conditions acceptable to the Association to manage the operations of SPT.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure, under such terms and conditions as the Association shall specify by notice to the Borrower, for expenditures for: (a) goods and works, under contracts not exceeding \$100,000 equivalent, and (b) consultants' services, under contracts not exceeding \$100,000 equivalent for consulting firms and \$50,000 for individual consultants.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in carrying its divestiture and private sector development program.

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 objective:

Part A: Public Enterprise Restructuring and Privatization

1. Strengthening the capacity of DP to carry out the Borrower's privatization program, through acquisition of equipment, provision of technical advisory services and training.

2. Preparation and implementation of a program designed to restructure selected public enterprises of the Borrower with a view to improving their performance and efficiency, through acquisition of equipment, provision of technical advisory services and training.

3. Carrying out of a public information campaign to inform potential investors of opportunities offered by the Borrower's privatization program, to build public support for said program, and ensure transparency in its implementation, through the provision of technical advisory services.

4. Implementation of a program designed to facilitate the retrenchment of redundant staff of the Borrower's public enterprises selected for privatization, through provision of severance payments, training, acquisition of equipment and provision of technical advisory services.

Part B: Post and Telecommunications

1. Establishment and operation of an autonomous authority responsible for the regulation of the Borrower's telecommunications sector, through the acquisition of equipment, provision of technical advisory services and training.
2. Establishment of a frequency spectrum management system, through the acquisition of equipment, provision of technical advisory services and training.
3. Preparation of strategies and policies designed to increase competition in the provision of telecommunication services, through provision of technical advisory services.
4. Implementation of a pilot program designed to test the feasibility and the viability of provision of telecommunication services by small-scale private operators with a view to improving the access of the Borrower's population to telecommunication services, through acquisition of equipment and provision of technical advisory services and training.
5. Provision of technical advisory services for the privatization of TOGO TELECOM.
6. Preparation and implementation of a program designed to improve the Borrower's access to information technologies, through provision of training, acquisition of equipment and provision of technical and legal advisory services.
7. Improving the performance and efficiency of the Borrower's postal agency, through provision of technical advisory services, including the services of a specialized private operator to manage the postal operations of SPT, and to provide training to agency staff.
8. Preparation and implementation of a program designed to diversify and expand the coverage of the Borrower's postal services through provision of technical advisory services.
9. Rehabilitation of SPT's main mail sorting center and selected post offices, and acquisition of office furniture and equipment, and acquisition and installation of postal boxes.

Part C: Financial Sector

1. Preparation and implementation of a program designed to improve the performance and efficiency of the Borrower's financial sector, including restructuring, privatization, and sale of selected public financial institutions, through the provision of technical advisory services and severance payments for redundant staff of institutions selected for privatization.
2. Strengthening of the capacities of CAS-IMEC for the supervision and coordination of the activities of institutions engaged in the provision of micro-finance services in the territory of the Borrower, through acquisition of equipment, and provision of technical advisory services and training.
3. Dissemination of information and best practices among institutions engaged in the provision of micro-finance services, through acquisition of equipment, and provision of technical advisory services and training.
4. Strengthening the capacities of CNC with a view to enhancing the cooperation between the Borrower and institutions engaged in the provision of micro-finance services, through acquisition of equipment, and provision of advisory services and training.
5. Strengthening the institutional and planning capacities of FUCEC, through provision of technical advisory services.
6. Strengthening of the Borrower's legal and judicial system with a view to improving the security, predictability and enforceability of contractual transactions, through acquisition of equipment, and provision of technical advisory services and training.

Part D: Strengthening the Project Management

Strengthening of the capacity of the UCP to coordinate the implementation of the Project, including the preparation and audit of the accounts and financial statements referred to in Section 4.01 of this Agreement, through the acquisition of equipment and the provision of technical advisory services and training.

* * *

The Project is expected to be completed by December 31, 2001.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with 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 (the Guidelines) and the following provisions of this Section, as applicable.

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 provision shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B. Preference for domestically manufactured goods 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 Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$200,000 per contract, up to an aggregate amount not to exceed \$500,000 equivalent, and works estimated to cost less than \$500,000 per contract, up to an aggregate amount not to exceed \$1,100,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement from UN Agencies

Vehicles estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured from IAPSO (Inter-Agency Procurement Services Organization of the UN) in accordance with the provisions of paragraph 3.9 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations 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 \$100,000 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

Consultants' services shall be procured in accordance with 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 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

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 for technical advisory services, estimated to cost less than \$50,000 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. Single Source Selection

Services for small tasks for the monitoring of Parts A and C of the Project estimated to cost less than \$100,000 equivalent per contract, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.01 of the Consultant Guidelines which are estimated to cost less than \$50,000 equivalent per contract, 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.

Part D: Review by the Bank of Procurement Decisions

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed annual 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 (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 \$50,000 or more, but less than the equivalent of \$100,000, 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 terms of reference, the qualifications, experience and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after 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 Guidelines shall apply.

SCHEDULE 4

Implementation Program

1. MSE shall be responsible for the implementation of Part A of the Project, MMETPT shall be responsible for the implementation of Part B of the Project, MEF shall be responsible for the implementation of Part C of the Project, and PCU shall be responsible for the implementation of Part D of the Project as well as for the overall coordination of the Project activities.

2. Except as the Association shall otherwise agree, the Borrower shall: (a) carry out the Project in accordance with the Project Implementation Plan, and (b) not permit, the Project Implementation Plan, or any provision thereof, to be amended or waived in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.

3. In accordance with the Project Implementation Plan, the Borrower shall: (a) for the purposes of Part C.3 of the Project, enter into an agreement with Alafia under terms of reference acceptable to the Association; (b) for the purposes of Parts B.7, B.8 and B.9 of the Project, enter into an agreement with SPT, under terms and conditions acceptable to the Association; and (c) for the purposes of Part A.4 of the Project, enter into an agreement with BTM, under terms and conditions acceptable for the Association.

4. The Borrower shall:

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

(b) furnish to the Association for its review and comments quarterly progress reports on the status of the Project;

(c) not later than March 31 of each year, commencing on March 31, 1999 undertake, in conjunction with the Association, a joint annual review on all matters relating to the progress of the Project and, in particular, the progress achieved by the Borrower during the current fiscal year, having regard to the monitoring indicators referred to in subparagraph (a) of this paragraph;

(d) not later than one (1) month prior to each annual review, furnish to the Association: (i) for its approval, a proposed annual work program together with a proposed budget, a financing plan and a priority investment program, for the forthcoming fiscal year; and (ii) for its review, a report in such detail as the Association shall reasonably request, on the progress of the implementation of the

Project during the current year;

(e) following each annual review, act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming identified in the implementation of the Project, or to implement such measures as may have been agreed upon between the parties in furtherance of the objectives of the Project; and

(f) promptly after the Effective Date, take all measures necessary on its part to organize, in conjunction with the Association, a workshop for the launching of the Project implementation which shall cover, inter alia, disbursement and procurement procedures and detailed timetables for the implementation of the Project.

5. Midterm Review

(a) Not later than December 31, 2000, or such other such later date as the Borrower and the Association shall agree upon, the Borrower shall carry out jointly with the Association a midterm review of the progress made in carrying out the Project under terms of reference agreed with the Association.

(b) The Borrower shall, at least four (4) weeks prior to the Midterm Review, furnish to the Association a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

(c) The Borrower shall, not later than four (4) weeks after the Midterm Review, prepare an action program, acceptable to the Association, for the further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program.

6. Not later than August 31, 1998, the Borrower shall furnish to the Association a plan, of such scope, and in such detail as the Association shall reasonably request, for the privatization of TOGO TELECOM in accordance with the Program, including the portion of TOGO TELECOM's capital to be offered for sale.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (2) (a), (3) (a), (4) (a), (5) and (6) (a) with respect to Special Account A, Categories (1), (2) (b), (3) (b), (4) (b), and (6) (b) with respect to Special Account B, and Categories (2) (c), (3) (c), (4) (c), and (6) (c) with respect to Special Account C 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 300,000,000 in respect of the Special Account A, an amount equivalent to CFAF 250,000,000 in respect of the Special Account B, and an amount equivalent to CFAF 150,000,000 in respect of the Special Account C, to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree:

(i) The Authorized Allocation shall be limited to an amount equivalent to FCFA 175,000,000 in respect of Special Account A, until the aggregate amount of withdrawals from the Credit Account allocated to Categories (2) (a), (3) (a), (4) (a), (5) and (6) (a) plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions for Part A of the Project shall be equal to or exceed the equivalent of SDR 2,500,000.

(ii) The Authorized Allocation shall be limited to an amount equivalent

to FCFA 175,000,000 in respect of Special Account B, until
the aggregate amount of withdrawals from the Credit Account
allocated to Categories (1), (2) (b), (3) (b), (4) (b), and (6) (b)
plus the total amount of all outstanding special commitments
entered into by the Association pursuant to Section 5.02 of the
General Conditions for Parts B and D of the Project shall be equal to or
exceed the equivalent of SDR 2,500,000.

(iii) the Authorized Allocation shall be limited to an amount equivalent
to FCFA 100,000,000 in respect of Special Account C, until
the aggregate amount of withdrawals from the Credit Account
allocated to Categories (2) (c), (3) (c), (4) (c), and (6) (c) plus
the total amount of all outstanding special commitments entered
into by the Association pursuant to Section 5.02 of the General
Conditions for Part C of the Project shall be equal to or exceed the
equivalent of SDR 1,000,000.

2. Payments out of the respective 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
respective Special Account has been duly opened, withdrawals of the Authorized
Allocation and subsequent withdrawals to replenish the respective 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 a deposit or deposits into the respective
Special Account of an amount 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 respective Special Account such amount or amounts as the Borrower shall have
requested.

(b) (i) For replenishment of the respective Special Account, the Borrower
shall furnish to the Association requests for deposits into the
respective 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 respective 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 respective 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 respective 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 any 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 Accounts;

(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 for the respective Special Account, minus the total amount of any outstanding special commitment 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 respective 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 any 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 respective 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 any 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 any 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 Accounts.

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

