

CONFORMED COPY

CREDIT NUMBER 1978 CA

(Energy Project)

between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 3, 1989

CREDIT NUMBER 1978 CA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 3, 1989, between THE CENTRAL AFRICAN REPUBLIC (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) Part D of the Project will be carried out by the Borrower;

(C) Parts A, B and C of the Project will be carried out by ENERCA with the Borrower's assistance and, as part of such assistance, the Borrower will make available to ENERCA a portion of the proceeds of the Credit as provided in this Agreement;

(D) the Borrower intends to contract from the African Development Fund (AfDF) a loan (the AfDF Loan) in an amount equivalent to \$14,600,000 to assist in

financing Part A.1 of the Project on the terms and conditions set forth in an agreement (the AfDF Loan Agreement) to be entered into between the Borrower and AfDF;

(E) the Borrower intends to contract from the Kuwait Fund for Arab Economic Development (the Kuwait Fund) a loan (the Kuwait Fund Loan) in an amount equivalent to \$6,900,000 to assist in financing Part A.1 of the Project on the terms and conditions set forth in an agreement (the Kuwait Fund Loan Agreement) to be entered into between the Borrower and the Kuwait Fund;

(F) the Borrower has obtained from the Caisse Centrale de Cooperation Economique (CCCE) loans in an amount equivalent to \$9,500,000 and intends to obtain from CCCE additional loans in an amount equivalent to \$3,500,000 to assist in financing Parts A, B and C of the Project on the terms and conditions set forth in agreements (the CCCE Loan Agreements) entered or to be entered into between the Borrower and CCCE;

(G) the Borrower has obtained from the French Republic through the Fonds d'Aide et de Cooperation (FAC) technical assistance on a grant basis and intends to obtain the renewal thereof, in a total amount estimated at the equivalent of \$4,300,000, to assist in financing Part C.1 of the Project on the terms and conditions set forth in the Cooperation Agreements entered into between the Borrower and the French Republic;

(H) the Borrower intends to contract from the Arab Bank for Economic Development in Africa (ABEDA) a loan (the ABEDA Loan) in an amount of \$4,000,000 to assist in financing Part B.2 of the Project on the terms and conditions set forth in an agreement (the ABEDA Loan Agreement) to be entered into between the Borrower and ABEDA; and

(I) the Borrower intends to contract from the Organization of Petroleum Exporting Countries Fund (the OPEC Fund) a loan (the OPEC Fund Loan) in an amount of \$3,400,000 to assist in financing Part B.2 of the Project on the terms and conditions set forth in an agreement (the OPEC Fund Loan Agreement) to be entered into between the Borrower and the OPEC Fund; 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 and in the Project Agreement of even date herewith between the Association and ENERCA;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Project Agreement" means the agreement between the Association and ENERCA 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;

(b) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and ENERCA pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement;

(c) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement and Section 2.01 (c) of the Project Agreement;

(d) "Project Preparation Advances" means the project preparation advances granted by the Association to the Borrower pursuant to exchanges of letters dated October 5, 1987 and November 16, 1987, March 24, 1988 and June 13, 1988, and December 14, 1988 and February 6, 1989 between the Borrower and the Association;

(e) "ENERCA" means Energie Centrafricaine, an etablissement public established by Ordinance No. 67/63 dated October 25, 1967 and operating pursuant to Decree No. 68/048 dated January 12, 1968 of the Borrower;

(f) "CFAF" means the currency of the Borrower;

(g) "Environmental and Resettlement Program" means the program transmitted by the Borrower to the Association by letter of even date herewith and further referred to in Section 3.06 of this Agreement; and

(h) "Contract-Plan" means the contract referred to in Section 3.05 of this Agreement.

## 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 thirteen million five hundred thousand Special Drawing Rights (SDR 13,500,000).

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

(b) The Borrower shall, for the purposes of Part D of the Project, open and maintain in CFAF a special account in a commercial bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 3 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 Advances 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 Advances shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1994 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 a date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied as of the next payment date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this

Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

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

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 1 and December 1 commencing June 1, 1999 and ending December 1, 2028. Each installment to and including the installment payable on December 1, 2008 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. ENERCA is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions in respect of all categories except for Category (6) of the table set forth in paragraph 1 of Schedule 1 to this Agreement.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out Part D of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and petroleum industry practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

(c) The Borrower shall relend the proceeds of the Credit allocated to all Categories except for Category (6) of Schedule 1 to this Agreement to ENERCA under a subsidiary loan agreement to be entered into between the Borrower and ENERCA, under terms and conditions which shall have been approved by the Association which shall include interest at the rate of 7% per annum and repayment over a period of 20 years including a grace period of 5 years. The foreign exchange risk on such onlending shall be borne by ENERCA.

(d) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan 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 4 to this Agreement.

Section 3.03. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Parts A, B and C of the Project shall be carried out by ENERCA pursuant to Section 2.03 of the Project Agreement.

Section 3.04. The Borrower shall take from time to time all measures required on its part to enable ENERCA to:

(a) adjust its rates for electric power services as provided in Section 4.02 (c) of the Project Agreement; and

(b) discontinue further electric power services to any customer, public or private, with electricity bill payments overdue by more than ninety calendar days.

Section 3.05. The Borrower shall:

(a) by June 30, 1989, conclude with ENERCA a Contract-Plan satisfactory to the Association and thereafter implement it in accordance with its provisions; and

(b) promptly provide to ENERCA all funds required to cover the capital and operating costs associated with the supply of electricity to new rural areas in accordance with the compensation mechanisms set forth in the Contract-Plan.

Section 3.06. The Borrower shall cause ENERCA to promptly implement the Environmental and Resettlement Program and submit quarterly to the Association detailed reports on the progress achieved in the execution of said Program.

#### 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 Part D of the Project, of the departments or agencies of the Borrower responsible for carrying out said Part of the Project.

(b) The Borrower shall:

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

(ii) furnish to the Association, as soon as available, but in any case

not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

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

(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 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 events are specified:

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

(b) the Borrower or ENERCA shall have failed to perform any of their obligations under the Contract-Plan;

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

(d) Ordinance No. 67/63 of October 25, 1967 and Decree No. 68/048 of January 12, 1968 of the Borrower shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of ENERCA to perform any of its obligations under the Project Agreement;

(e) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of ENERCA or for the suspension of its operations;

(f) (i) subject to subparagraph (ii) of this paragraph:

(A) The right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(B) any such loan shall have become due and payable prior to the

agreed

maturity thereof;

(ii) subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:

(A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and

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

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

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

(b) any event specified in paragraph (c), (d) or (e) of Section 5.01 of this Agreement shall occur; and

(c) the event specified in paragraph (f) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of subparagraph (ii) of that paragraph.

#### 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 Subsidiary Loan Agreement has been executed on behalf of the Borrower and ENERCA;

(b) all conditions precedent to the effectiveness of, or initial disbursements under, the AfDF Loan Agreement, the Kuwait Fund Loan Agreement, the CCCE Loan Agreements, the ABEDA Loan Agreement and the OPEC Fund Loan Agreement have been fulfilled, save the effectiveness of this Agreement;

(c) ENERCA's rates have been adjusted in a manner satisfactory to the Association;

(d) a draft Contract-Plan has been submitted to the Association;

(e) full ownership of the hydroelectric plant at Boali II and the related debt have been transferred to ENERCA after deduction of the arrears due by the Borrower and public enterprises to ENERCA;

(f) a plan for the removal of wood from the reservoir area, satisfactory to the Association, has been submitted to the Association; and

(g) the account referred to in Section 2.01 (b) of the Project Agreement has been opened and the initial amount referred to in said Section deposited therein.

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

(a) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, ENERCA, and is legally binding upon ENERCA in accordance with its terms; and

(b) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and ENERCA and is legally binding upon the Borrower and ENERCA in

accordance with its terms.

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

Section 6.04. The obligations of the Borrower under Sections 3.04 and 3.05 of this Agreement and the provisions of paragraphs (a), (b) and (c) of Section 5.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date twenty-five years after the date of this Agreement, whichever shall be the earlier.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.09 of this Agreement, the Minister of the Borrower 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:

Ministry of Economy, Finance, Planning  
and International Cooperation  
P.O. Box 912  
Bangui  
Central African Republic

Cable address:	Telex:
FINECA	5280 RC

For the Association:

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

Cable address:	Telex:
INDEVAS	440098 (ITT)
Washington, D.C.	248423 (RCA) or 64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

CENTRAL AFRICAN REPUBLIC

By /s/ C. Lingama-Toleque

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION



By /s/ Edward V.K. Jaycox

Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) (a) Civil works for Part A.1 of the Project	5,010,000	27%
(b) Panel of experts for Part A.1 of the Project	80,000	100%
(2) Environment and Resettlement	1,500,000	100% of foreign expenditures and 70% of local expenditures
(3) Consultants' services for Part C of the Project	450,000	100%
(4) Vehicles and equipment for Part C of the Project	980,000	100%
(5) Fellowships	150,000	100%
(6) Consultants' services for Part D of the Project	1,900,000	100%
(7) Refunding of Project Prepara- tion Advances	570,000	Amount due pur- suant to Section 2.02 (c) of this Agreement
(8) Unallocated	2,860,000	
	<hr/>	
TOTAL	13,500,000 =====	

2. For the purposes of this Schedule:

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

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

(c) the Category "Environment and Resettlement" includes works, goods and services for Parts A.2, A.3 and A.4 of the Project, excluding the diversion of Route Nationale No. 1 and direct compensation to displaced population.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 1,000,000, may be made in respect of Category (1) on account of payments made for expenditures before that date but after October 1, 1988.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to:

- (a) improve and regularize the production of hydro-electricity and thereby reduce the Borrower's dependence on oil imports;
- (b) improve the financial viability of the power sector;
- (c) strengthen ENERCA's management and accountability; and
- (d) establish an institutional framework conducive to private investment in petroleum exploration in the Borrower's territory.

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: Hydroelectric Development on the M'Bali River

1. (a) Construction of a dam with a total length of about 780 m and a maximum height of 30 m, including a central concrete structure of about 90 m with earth and rock-fill embankments on both sides and a spillway crest with a maximum evacuating capacity of 1,000 m<sup>3</sup> per second.

(b) Supervision of work for Part A.1 (a) of the Project by consulting engineers and experts.

2. Works related to the formation of the regulating reservoir with a capacity of about 250,000,000 m<sup>3</sup>, including the diversion of Route Nationale No. 1, construction of feeder roads, extraction of wood and reforestation.

3. Resettlement of displaced population, including construction of a school, wells and a health center, site preparation for house construction, and other compensation of population displaced under the Project.

4. A health protection program including prevention and treatment of diseases such as malaria and schistosomiasis.

5. Rehabilitation of the hydroelectric generation stations at Boali I and Boali II, including:

(a) for Boali I, repair of foundation structures and power house, and overhaul of electrical and mechanical equipment; and

(b) for Boali II, repair of the intake canal and penstock, and overhaul of two 5 MW hydroelectric generation units.

Part B: Improvement of ENERCA's Thermal Generation, Transmission and Distribution System

1. Rehabilitation of the 63 kV electric line from Boali I to sub-station B in Bangui, including reinforcement of the supporting structures, be-insulation, partial re-conductoring and partial rerouting, and construction of a service road to maintain rights-of-way.
2. Rehabilitation of the 15 kV distribution system in Bangui including replacement of old distribution circuits, installation of reactive capacity and street lighting, installation of new service connections, and rehabilitation of about 20 distribution substations.
3. Increase of ENERCA's thermal capacity through acquisition and installation of one 5 MW diesel generator.

Part C: Strengthening of ENERCA's Operations

1. Improvement of ENERCA's human resources, financial and technical management.
2. Fellowships to upgrade the skills of selected ENERCA's staff.
3. Acquisition of vehicles, computer and laboratory equipment, spare parts and supplies required to improve ENERCA's technical operations.
4. Studies to:
  - (a) develop a ten-year program for a national power system expansion; and
  - (b) design an appropriate electricity tariff structure.

Part D: A Program to improve Oil Products Distribution and Promote Petroleum Exploration

1. A study to diagnose the current modalities under which oil products are purchased, transported and distributed, and formulate appropriate recommendations for further improvement.
2. Reinterpretation of existing aero-magnetometric data.
3. Reprocessing and evaluation of seismic data on about 300 line-km.
4. A structural reinterpretation of existing seismic data; and reinterpretation of data from the Aoukale 1 well.
5. Compilation of existing petroleum exploration information.
6. (a) Preparation of a geological dossier for promotional purposes integrating existing data with those developed under the Project.  
(b) Review of the current petroleum legislation and drafting of a model petroleum exploration contract.
7. Promotion of acreage to international oil companies, negotiation of petroleum exploration contracts and monitoring of their execution.

\* \* \*

The Project is expected to be completed by December 31, 1993.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

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

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for Part D of 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 \$60,000,000 CFAF to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits 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 made 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; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for Part D of the Project, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to Part D of 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 for Part D of the Project shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association

shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

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

#### SCHEDULE 4

##### Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part B hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Other Procurement Procedures

1. Works and goods for Parts A.2, A.3, A.4 and C.3 of the Project, estimated to cost less than the equivalent of \$200,000 per contract, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Materials, supplies and equipment estimated to cost less than the equivalent of \$50,000 per contract may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three reputable suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

3. Contracts for the removal of wood and reforestation in the lake area under Part A.2 of the Project may be procured through direct contracting with the Office National des Forets if, in the opinion of the Association: (a) the Office National des Forets is the only entity capable of carrying out the works; and (b) the cost of such works is reasonable.

Part C: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the

Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 3 to the Development Credit Agreement, or of the Schedule to the Project Agreement, as the case may be.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of the Development Credit Agreement or of the Project Agreement, as the case may be.

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

## Section II: Employment of Consultants

In order to assist the Borrower in carrying out Part D of the Project and ENERCA in carrying out Parts A, B and C of the Project, the Borrower and ENERCA shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

