

CONFORMED COPY

CREDIT NUMBER 2520 CD

Development Credit Agreement

(Second Transport Sector Project)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 21, 1993

CREDIT NUMBER 2520 CD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 21, 1993, between REPUBLIC OF CHAD (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS the Association has received a letter, dated May 15, 1993, from the Borrower describing a program of actions, objectives and policies designed to strengthen the management and operation of the Borrower's transport sector (hereinafter called the Program), and declaring the Borrower's commitment to the execution of the Program;

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

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

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

(a) "Air Tchad" means Societe Air Tchad, a company organized under the laws of the Borrower;

(b) "Air Tchad Performance Contract" means the performance contract, in form and substance satisfactory to the Association, to be entered into between the Borrower and Air Tchad in accordance with Section 6.01(b) of this Agreement;

(c) "BNF" means the Bureau National de Fret (the National Freight Office), established pursuant to the Borrower's Decree No. 270/PR/MTAC/89, dated April 14, 1989;

(d) "CAER" means the road maintenance account (Compte Autonome d'Entretien Routier), to be established in accordance with Section 6.01(g) of this Agreement;

(e) "CFAF" or "CFA Francs" means the currency of the Borrower;

(f) "DR" means MTPT's Roads Department (Direction des Routes);

(g) "LNBTP" means the Laboratoire National du Batiment et des Travaux Publics, the soils research laboratory, established pursuant to the Borrower's Ordonnance 007/PR/MTP/89, dated April 21, 1989;

(h) "MTPT" means the Borrower's Ministry for Public Works and Transport (Ministere des Travaux Publics et des Transports);

(i) "OFNAR" means the Office National des Routes (the National Roads Office), established pursuant to Ordonnance No. 004/PR/84, dated February 2, 1984;

(j) "PCU" means the inter-ministerial project coordination unit established by the Borrower for purposes of coordinating implementation of the Project;

(k) "Primary Priority Roads Network" means the approximately 3800 km of roads comprising the primary priority roads network (the Reseau routier Prioritaire Primaire), as described in the Program;

(l) "Priority Roads Network" means the Primary Priority Roads Network and the Secondary Priority Roads Network, collectively;

(m) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to the agreements, dated February 24, 1992 and March 11, 1993, between the Borrower and the Association;

(n) "Roads Investment Program" means the Borrower's Investment Program for Roads, 1994-1998, dated November 1992, as amended by the minutes, dated November 25, 1992, of the Borrower's transport sector round table meeting;

(o) "Secondary Priority Roads Network" means the approximately 960 km of roads comprising the secondary priority roads network (the Reseau routier Prioritaire Secondaire), as described in the Program;

(p) "SNER" means the Societe Nationale d'Entretien Routier (the National Roads Maintenance Company), to be established in accordance with Section 6.01(a) of this Agreement; and

(q) "Special Account" means the account referred to in Section 2.02 (b) 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 twenty-six million two hundred thousand Special Drawing Rights (SDR 26,200,000).

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 expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFA Francs a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or 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 unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1998, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent ($1/2$ of 1%) per annum.

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

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on June 15 and December 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each

June 15 and December 15 commencing December 15, 2003 and ending June 15, 2033. Each installment to and including the installment payable on June 15, 2013 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall: (i) carry out the Project through MTPT, and (ii) cause SNER, BNF and Air Tchad to assist in carrying out Part B of the Project, with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and transport practices, and with due regard to ecological and environmental factors, and shall provide, and cause SNER, BNF and Air Tchad to 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, 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. The Borrower shall adopt and implement annual budgets which allocate:

(a) at least CFAF 1,800,000,000 for road maintenance and rehabilitation for the Priority Roads Network for fiscal year 1994, including at least CFAF 1,300,000,000 for routine maintenance and at least CFAF 115,000,000 for DR's operating budget;

(b) at least CFAF 2,000,000,000 for road maintenance and rehabilitation for the Priority Roads Network for fiscal year 1995, including at least CFAF 1,500,000,000 for routine maintenance and at least CFAF 120,000,000 for DR's operating budget;

(c) at least CFAF 2,200,000,000 for road maintenance and rehabilitation for the Priority Roads Network for fiscal year 1996, including at least CFAF 1,700,000,000 for routine maintenance and at least CFAF 125,000,000 for DR's operating budget;

(d) at least CFAF 2,400,000,000 for road maintenance and rehabilitation for the Priority Roads Network for fiscal year 1997, including at least CFAF 1,900,000,000 for routine maintenance and at least CFAF 130,000,000 for DR's operating budget; and

(e) at least CFAF 2,600,000,000 for road maintenance and rehabilitation for the Priority Roads Network for fiscal year 1998, including at least CFAF 2,100,000,000 for routine maintenance and at least CFAF 135,000,000 for DR's operating budget.

Section 3.04. The Borrower shall:

(a) during fiscal years 1994 through 1998, only rehabilitate: (i) the roads set out in the Roads Investment Program for rehabilitation during such fiscal years, and (ii) such other roads for which the rehabilitation provides at least a 12% economic rate of return (as determined in accordance with procedures acceptable to the Association); and

(b) during fiscal years 1994 through 1998, not undertake in the transport sector any civil works or acquisitions of transport equipment (other than those set out in the Roads Investment Program for each such fiscal year) which aggregate more than CFAF 200,000,000 per fiscal year without the prior consent of the Association.

Section 3.05. The Borrower shall, in executing roads works, follow the alignment and construction standards and designs agreed upon with the Association (as such standards and designs may be modified from time to time with the consent of the Association).

Section 3.06. The Borrower shall, in implementing its road maintenance budgets (including those set out under Section 3.03 above), operate the CAER under operating procedures satisfactory to the Association, which shall include the following:

(a) maintenance of the CAER in a commercial bank from which withdrawals shall be made exclusively for expenses relating to road maintenance and rehabilitation for the Priority Roads Network and for the operating expenses of the DR;

(b) management of withdrawals from the CAER by MTPT;

(c) monthly payments by the Borrower into the CAER, to be drawn primarily from revenues from ferry tolls, the N'Gueli bridge tolls and freight taxes, as well as from petroleum taxes, as follows:

(i) during each month in 1993 beginning after the Effective Date, an aggregate of at least CFAF 130,000,000;

(ii) during each month in 1994, an aggregate of at least CFAF 150,000,000;

(iii) during each month in 1995, an aggregate of at least CFAF 165,000,000;

(iv) during each month in 1996, an aggregate of at least CFAF 180,000,000;

(v) during each month in 1997, an aggregate of at least CFAF 200,000,000; and

(vi) during each month in 1998, an aggregate of at least CFAF 215,000,000; and

(d) procedures for recordkeeping, reporting and auditing, providing, among other things, for (i) the maintenance of records of all deposits into and withdrawals

from the CAER, and (ii) quarterly audits of the CAER (in scope and detail, and by independent auditors, satisfactory to the Association), to be provided to the Association within thirty days of the end of each quarter.

Section 3.07. The Borrower shall continue to: (a) ensure that no tariffs are imposed on road transport, and (b) permit shippers and truckers to enter into freely negotiated contracts.

Section 3.08. The Borrower shall, through the Closing Date:

(a) ensure that at least 50% (by value) of routine road maintenance works are annually contracted to the private sector in accordance with competitive procedures, and beginning January 1, 1997, not provide any preference to SNER relative to the Borrower's private sector in the contracting of routine maintenance works; and

(b) (i) pay all amounts due to private sector contractors for periodic and routine road maintenance works, and road rehabilitation works, within 60 days of their due date, and (ii) in connection therewith, establish not later than December 31, 1993, and thereafter operate, a payments monitoring system, under an operational plan satisfactory to the Association, to track when payments are due and are made.

Section 3.09. (a) The Borrower shall carry out, jointly with the Association, not earlier than June 1, 1995 and not later than September 30, 1995, a mid-term review of the progress made in carrying out the Project and the Program. This review shall cover, among other things: (i) the execution of the reform measures under the Program and the Project, and their impact on public and private participation in the transport sector, and the cost and efficiency of the sector, (ii) the impact of budget allocation measures (including the operation of CAER), (iii) the effectiveness of private sector development measures, (iv) the execution and impact of training programs under the Project, (v) SNER's operations and possible modalities for its privatization, (vi) MTPT's efforts to reduce truck overloading and their impact, and (vii) the achievement of the Project's objectives in light of the monitoring indicators agreed upon with the Association.

(b) MTPT shall transmit to the Association, at least 60 days prior to the mid-term review described in paragraph (a) above, a report (based on the audit referred to in paragraph (c) below), in scope and detail satisfactory to the Association, describing the status of the items listed in such paragraph (a) and of Project and Program implementation generally.

(c) The Borrower shall conduct, during the second quarter of 1995, a technical and financial audit of the Project, in scope and detail, and by independent auditors, satisfactory to the Association.

(d) Based on such review, the Borrower shall promptly prepare an action plan, acceptable to the Association, for the further implementation of the Project and the Program, and shall thereafter implement such action plan.

(e) The Borrower shall carry out, jointly with the Association, during the third quarter of each year (other than 1995), a review of the progress made in carrying out the Project and the Program, and, in connection therewith, shall transmit to the Association at least 30 days prior to such review, a Project budget, implementation plan and procurement schedule for the succeeding year.

ARTICLE IV

Financial Covenants

Section 4.01. (a) (i) 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 (including with respect to the CAER) of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(ii) The Borrower shall cause Air Tchad and BNF to maintain records and accounts adequate to reflect in accordance with sound accounting practices their respective operations and financial condition.

(b) The Borrower shall, and shall cause Air Tchad and BNF to:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for (1) each fiscal year of the Borrower, and (2) each fiscal quarter of Air Tchad, BNF and CAER, 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 (1) six months after the end of each such year, for the Borrower's accounts, and (2) thirty days after the end of each such quarter, for the accounts of Air Tchad, BNF and CAER, 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 report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

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

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

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional 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) SNER shall have been established by instrument and with statutes satisfactory to the Association, and shall have adopted an operating procedures manual satisfactory to the Association;

(b) the Air Tchad Performance Contract shall have been executed by the Borrower and Air Tchad;

(c) the Borrower shall have employed an independent auditor satisfactory to the Association, under terms and conditions (including a multi-year period of service) satisfactory to the Association;

(d) SNER shall have employed a managing director, a technical director, a financial director, and a management comptroller, each with qualifications and experience and under terms and conditions satisfactory to the Association;

(e) the departments of MTPT shall have been reorganized as agreed upon with the Association;

(f) the Borrower shall have taken actions (including the adoption of a dissolution plan), satisfactory to the Association, to terminate the operations of OFNAR;

(g) the Borrower shall have established CAER by instrument, and with operating procedures, satisfactory to the Association, and shall have operated CAER in conformity with such operating procedures during the preceding two months; and

(h) the Borrower shall have adopted for purposes of Part B of the Project a training program for 1994 satisfactory to the Association.

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

Representatives of the Borrower; Addresses

Section 7.01. The Minister for Planning and Cooperation of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Planning and Cooperation
BP 286
N'Djamena
Republic of Chad

Cable address:

MINPLAN
N'Djamena

Telex:

5329 KD

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (RCA)
82987 (FTCC)

64145 (WUI) or
197688 (TRT)

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

REPUBLIC OF CHAD

By /s/ K. L. Mekonyo

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil Works		95%
(a) for Periodic Maintenance of the Primary Priority Roads Network under Part A.1 of the Project	6,200,000	
(b) for Road Rehabilitation of the Secondary Priority Roads Network under Part A.2 of the Project	8,300,000	
(c) for Bridge and Culvert Rehabi- litation under Part A.3 of the	2,500,000	

Project		
(2) Consultants' Services:		100%
(a) for Part A of the Project	1,500,000	
(b) for Part B of the Project	2,900,000	
(3) Training	1,600,000	100%
(4) Operating Costs for PCU	500,000	75%
(5) Refunding of Project Preparation Advance	900,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(6) Unallocated	1,800,000	
TOTAL	26,200,000	=====

2. For the purposes of this Schedule:

(a) the term "training" means expenditures for fellowships, study tours, conferences, workshops, courses and other forms of training, each as are approved by the Association; and

(b) the term "operating costs for PCU" means incremental operating expenditures for office supplies, vehicle and machinery operation and maintenance, field allowances, and salaries for PCU contract-staff, incurred by the PCU in carrying out the Project.

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.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (i) consolidate improvements in the efficiency of the Borrower's transport sector, (ii) improve MTPT's efficiency and management of the transport sector, (iii) assist the Borrower in implementing the Roads Investment Program, (iv) improve resource mobilization for road maintenance, and (v) increase private sector participation and efficiency in transport sector activities.

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: Road Infrastructure Maintenance and Rehabilitation

1. Periodic and routine maintenance of about 3800 km of the Primary Priority Roads Network, and routine maintenance of about 960 km of the Secondary Priority Roads Network.
2. Rehabilitation of about 300 km of the Secondary Priority Roads Network.
3. Rehabilitation and maintenance of about 25 bridges and culverts.

Part B: Institutional Development

1. Improving the institutional capacity of MTPT (including DR) to plan, program and monitor road maintenance works and conduct other transport sector activities, and related training of staff.
2. Operation of SNER to implement road maintenance works in accordance with private sector management practices, and related training of staff.
3. Improving the operational capacity of BNF (including its management and accounting systems) and related training of staff.
4. Improving the efficiency of Air Tchad's operations through the implementation of the Air Tchad Performance Contract and the employment of an airline management firm.
5. Training of private sector road maintenance contractors in management, accounting and other areas, and training of truckers regarding efficient and conservationist use of roads.
6. Development and implementation through MTPT and BNF of an action plan to support transport transit facilitation and regional integration.
7. Development of an environmental action plan for roads, and execution of related pilot programs.

* * *

The Project is expected to be completed by June 30, 1998.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof, 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 1992 (the Guidelines).

(a) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of works in accordance with this Part A, the Borrower shall use the relevant sample bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. When no relevant sample bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

Part B: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Items or groups of items for periodic road maintenance works, estimated to cost the equivalent of \$300,000 or less per contract, up to an aggregate amount equivalent to \$8,700,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Items or groups of items for office supplies, up to an aggregate amount equivalent to \$100,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures satisfactory to the Association.

Part D: 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 more than \$200,000, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

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

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

Section II. Employment of Consultants

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

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior Association review or approval requirements shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single-source hiring of firms, to assignments of a critical nature as reasonably determined by the Association, and to amendments of contracts raising the contract value to \$100,000 equivalent or above.

SCHEDULE 4

Implementation Program

1. The Borrower shall operate the PCU under terms of reference, and with staffing (including their qualifications and experience) satisfactory to the Association, and shall not replace the coordinator of the PCU without the prior consent of the Association; such terms of reference shall include the requirement that the PCU: (a) monitor the implementation of the Project by MTPT, Air Tchad and BNF, and (b) furnish to the Association semiannual reports regarding Project implementation, including documentation evidencing actual expenditures on periodic and routine road maintenance made during the preceding six-months pursuant to Section 3.03 of this Agreement.
2. The Borrower shall operate the inter-ministerial coordination committee (established pursuant to the Arrete dated March 20, 1992) under the terms of reference agreed upon with the Association.
3. The Borrower shall implement, in a timely manner, the action plans set out as annexes within the Program relating, among other things, to road rehabilitation, roads research, environmental management, institutional development of transport sector institutions, and training.
4. (a) The Borrower shall prepare, not later than August 30 of each year, and thereafter adopt and implement, an annual work program, satisfactory to the Association, for implementation of Part A of the Project during the succeeding 12 month period beginning October 1 and ending September 30, which work program shall provide for periodic maintenance for about 1,400 km and routine maintenance for about 4,760 km of the Priority Roads Network.

(b) The Borrower shall adopt, not later than September 30, 1995, and thereafter implement a multi-year work program satisfactory to the Association for carrying out Part A.2 of the Project and shall not carry out any rehabilitation activities under such Part before the adoption of such work program.
5. The Borrower shall adopt not later than November 30 of each year, and thereafter implement, a training program for the subsequent calendar year, satisfactory to the Association, which program shall take into account the experience of the preceding year's training program and cost-effectiveness considerations.
6. In carrying out Parts A.1, A.2, A.3 and B.7 of the Project, the Borrower shall adopt and thereafter implement an environmental impact mitigation plan satisfactory to the Association.
7. In carrying out Parts A.2 and A.3 of the Project, the Borrower shall rehabilitate the list of roads and bridges and culverts agreed upon with the Association (with such modifications thereto as may be agreed to by the Association).
8. The Borrower shall, to the extent practicable, contract periodic and routine maintenance works under the Roads Investment Program on the basis of the standard form documentation employed pursuant to paragraph (b) of Part A of Schedule 3 to this Agreement.
9. In carrying out Part B.1 of the Project:
 - (a) the Borrower shall operate the departments of MTPT responsible for investment planning, roads, land transport and civil aviation in accordance with the organizational structure agreed upon with the Association; and
 - (b) in connection therewith, DR shall be responsible for contracting out MTPT road maintenance works to SNER and the private sector and shall identify roads to be maintained, establish maintenance standards, elaborate detailed engineering and bidding documents, manage the bidding process and supervise the works.
10. In carrying out Part B.1 of the Project, the Borrower shall maintain as the directors of (a) MTPT's Direction Generale des Travaux Publics et des Transports, (b)

the DR, (c) MTPT's Direction de l'Aviation Civile, (d) MTPT's Direction des Transports de Surface, and (e) MTPT's Direction des Etudes et de la Planification, persons with qualifications and experience and under terms of reference satisfactory to the Association.

11. In carrying out Part B of the Project, the Borrower shall cause:

(a) BNF, Air Tchad and LNBTP to maintain as their respective chief directors persons with qualifications and experience and under terms of reference satisfactory to the Association; and

(b) SNER: (i) to maintain as its managing director, technical director, financial director and management comptroller, persons with qualifications and experience and under terms of reference satisfactory to the Association, and (ii) to conduct its operations in accordance with the operating procedures manual adopted in accordance with Section 6.01(a) of this Agreement (with such modifications thereto as may be agreed to by the Association).

12. The Borrower shall implement in a timely manner the OFNAR dissolution plan adopted in accordance with Section 6.01(f) of this Agreement.

13. In carrying out Part B.4 of the Project, the Borrower:

(a) shall, and shall cause Air Tchad to, comply with the provisions of the Air Tchad Performance Contract (with such modifications thereto as may be agreed to by the Association); and

(b) beginning not later than December 31, 1993 and for at least 3 years thereafter, shall cause Air Tchad to employ the services of an airline management firm, with qualifications and experience and under terms and conditions satisfactory to the Association.

14. In carrying out Part B of the Project, MTPT shall employ the services of LNBTP, under terms and conditions satisfactory to the Association, for purposes of carrying out roads and soil research programs.

15. The Borrower shall implement, not later than June 30, 1995, a data collection and analysis program regarding loading of trucks, under terms of reference satisfactory to the Association.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) 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, works 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 200,000,000 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 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; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, 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 the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

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

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

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

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

