

CONFORMED COPY

CREDIT NUMBER 2957-NIR

Development Credit Agreement

(Urban Infrastructure Rehabilitation Project)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 20, 1997

CREDIT NUMBER 2957-NIR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 20, 1997, between REPUBLIC OF NIGER (the Borrower) and the 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 May 5, 1997, from the Borrower describing a program of actions, objectives and policies designed to strengthen the decentralization process and promote urban development in the territory of the Borrower (the Program), and declaring the Borrower's commitment to the execution of the Program;

(C) Part A of the Project will be carried out by Agence Nigérienne de Travaux d'Intérêt Public pour l'Emploi (NIGETIP) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to NIGETIP part of the proceeds of the Credit as provided in this Agreement;

(D) the Borrower intends to obtain from donors, grants in an aggregate amount equivalent to three million four hundred thousand dollars (\$3,400,000) to assist in financing part of the Project on the terms and conditions set forth in grant agreements to be entered into between the Borrower and each donor,

grant agreements to be entered into between the Borrower and each donor, respectively, (the Grant Agreements); 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 NIGETIP;

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) "BNC" means Bureau National de Coordination, the Borrower's National Bureau of Coordination, a government unit in the Cabinet of the Prime Minister of the Borrower, responsible for coordinating Project activities;

(b) "CFAF" or "CFA Franc" means Franc de la Communauté Financière Africaine, the currency of the Borrower;

(c) "Convention de délégation de maîtrise d'ouvrage" means an agreement to be entered into between NIGETIP and a Municipality, (as hereinafter defined), or the Borrower, as the case may, be for the purposes of carrying out a Sub-project pursuant to Schedule 1 of the Project Agreement;

(d) "Convention" means the Agreement, entered into on July 3, 1991, between the Borrower and NIGETIP, as amended on August 21, 1992 as the same may be amended from time to time with the approval of the Association, and such term includes all annexes, schedules and attachments supplemental to the Convention;

(e) "Grant" means a grant made or proposed to be made by NIGETIP on behalf of the Borrower to a Municipality for the purpose of financing a Sub-project (as hereinafter defined);

(f) "Manual of Procedures" means the manuel de procédures of NIGETIP as attached to the Convention, setting forth, inter alia, monitoring and performance indicators for the implementation of Part A of the Project; the initial procurement plan for Part A.1 of the Project; sample bidding and contract documents; other relevant arrangements and procedures for carrying out Part A.1 and A.2 of the Project; a financial management manual, and a model form of a Convention de délégation de maîtrise d'ouvrage; as the same may be amended from time to time with the approval of the Association, and such term includes any schedules and attachments supplemental to the Manual of Procedures;

(g) "Municipality" means a commune, within the territory of the Borrower, for the benefit of which a Sub-project (as hereinafter defined) is to be executed or is being executed, as the case may be, under the Project;

(h) "NIGETIP" means Agence Nigérienne de Travaux d'Intérêt Public pour l'Emploi, an association established and operating in the Borrower's territory pursuant to its Statut (as hereinafter defined);

(i) "Project Account" means the account referred to in Section 3.02 (a) of this Agreement;

(j) "Project Agreement" means the Agreement between the Association and NIGETIP 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;

(k) "Project Preparation Advance" means the cumulative project preparation advances granted by the Association to the Borrower pursuant to an exchange of letters dated January 12, 1990, countersigned May 4, 1993; and February 25, 1997, countersigned February 27, 1997, respectively, between the Association and the Borrower;

(l) "Project Implementation Plan" means the Project's manuel d'exécution, the manual referred to in paragraph 1 of Schedule 4 to this agreement, setting forth, inter alia procedures for the selection of consultants and the procurement of goods and works; sample bidding documents, a Project implementation time-table; Project supervision and performance criteria and other relevant procedures for carrying out the Project; as the same may be amended from time to time with the approval of the Association, and such term includes any schedules and attachments supplemental to the Project Implementation Plan.

(m) "Special Account" means either one or both of the accounts referred to in Section 2.02 (b) of this Agreement;

(n) "Statut" means the Articles of Agreement of NIGETIP, dated September 1, 1991, as the same may be amended from time to time, and such term includes any schedules and attachments supplemental to the Statut;

(o) "Sub-project" means a specific development activity under Part A.1 of the Project, which complies with the eligibility criteria specified in paragraph (3) of Schedule 1 to the Project Agreement, to be financed out of the proceeds of the Credit; and

(p) "Works Contract" means a contractual agreement between NIGETIP and a private contractor for the execution of a Sub-project.

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 fourteen million five hundred thousand Special Drawing Rights (SDR 14,500,000).

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: (i) 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; and (ii) amounts paid (or, if the Association shall so agree, to be paid) by NIGETIP to meet the reasonable cost of works required for a Sub-project and in respect of which withdrawal from the Credit Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFA Francs two special deposit accounts, the BNC Special Account, for purposes of Parts B and C of the Project, and the NIGETIP Special Account, for purposes of Part A of the Project, in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, each respective 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 December 31, 2001, 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

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 and service charges shall be payable semiannually on August 1 and February 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 August 1 and February 1, commencing August 1, 2007 and ending February 1, 2037. Each installment to and including the installment payable on February 1, 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 consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end: (i) shall carry out Parts B and C of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project; and (ii) without any limitation or restriction upon any of its other obligations under this Agreement, shall cause NIGETIP to perform in accordance with the provisions of the Project Agreement all the obligations of NIGETIP therein set forth; and shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable NIGETIP to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(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 Parts B and C of the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) For the purposes of Part A of the Project, the Borrower shall, under an amendment to the Convention, on terms and conditions which shall have been approved by the Association, transfer the proceeds of the Credit allocated from time to time to Categories (1), (3)(a) and (3)(b) of the table set forth in paragraph 1 of Schedule 1 to this Agreement to NIGETIP.

(d) The Borrower shall exercise its rights under the Convention 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, shall not assign, amend, abrogate or waive the Convention or any provision thereof.

Section 3.02. The Borrower shall:

(a) for purposes of Part A of the Project, cause NIGETIP to open a project account in CFA Francs in a commercial bank acceptable to the Association, and thereafter maintain said project account until the completion of the Project, all under terms and conditions acceptable to the Association;

(b) deposit into the Project Account: (i) an initial amount of CFAF 3,000,000; and (ii) thereafter, deposit semiannually at least the amount referred to under the preceding paragraph, or such amount as required for the carrying out of the Project and as agreed by the Association in the annual reviews referred to in paragraph (3) of Schedule 4 to this Agreement;

(c) ensure that contributions by Municipalities with respect to Sub-projects are deposited into the Project Account in accordance with paragraph (4) (c) of Schedule 1 to the Project Agreement; and

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

Section 3.03. Except as the Association shall otherwise agree, procurement of 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 3.04. 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 Part A of the Project shall be carried out by NIGETIP pursuant to Section 2.04 of the Project Agreement.

Section 3.05. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the continued achievement of the Project's objectives; and

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

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall 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 Parts B and C of 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 BNC and the NIGETIP Special Accounts semiannually 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 audit period, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records;
- (iv) ensure that such records and accounts are included in the semiannual 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 audit period, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and
- (v) 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.

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) a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out;

(b) NIGETIP shall have failed to perform any of its obligations under

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

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

(d) the Statut has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial condition of NIGETIP or its ability to carry out Part A of the Project or to perform any of its obligations under the Project Agreement;

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

(f) (i) Subject to subparagraph (ii) of this paragraph the right of the Borrower to withdraw the proceeds of any grant made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Grant Agreements providing therefor.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, or termination 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) the event specified in paragraph (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of thirty days after notice thereof shall have been given by the Association to the Borrower;

(b) any event specified in paragraphs (d) and (e) of Section 5.01 of this Agreement shall occur; and

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

ARTICLE VI

Effective Date; Termination

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

(a) the amendment to the Convention referred to in Section 3.01 (c) has been executed on behalf of the Borrower and NIGETIP, respectively;

(b) the Borrower has deposited into the Project Account the initial deposit referred to in Section 3.02 (b) (i) of this Agreement;

(c) the auditors referred to in Section 4.01 (b) of this Agreement have been appointed in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(d) a portfolio of Sub-projects, to be implemented during six months after the Effective Date, has been furnished to, and approved by, the Association; and

(e) evidence, acceptable to the Association, has been furnished to the Association indicating that NIGETIP's computerized management information system has the adequate capacity for analytical accounting, satisfactory to the Association.

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 NIGETIP, and is legally binding upon NIGETIP, in accordance with its terms; and
- (b) the Convention, as amended pursuant to Section 3.01 (c) of this Agreement has been duly authorized or ratified by the Borrower and NIGETIP and is legally binding upon the Borrower and NIGETIP, in accordance with its terms.

Section 6.03. The date one hundred eighty (180) 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 planning 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:

Minister of Planning
Ministry of Planning
BP 862
NIAMEY / Niger

Cable address: Telex:
MINIPLAN Niamey 5463 NI

For the Association:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable address: Telex:
INTBAFRAD 248423 (MCI) or
Washington, DC 64145 (MCI)

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

REPUBLIC OF NIGER

By /s/ Joseph Diatta

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jean-Louis Sarbib

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Grants for Sub-projects disbursed under Part A.1 of the Project	8,500,000	100% of amounts by NIGETIP
(2) Equipment and Vehicles expenditures expenditures	150,000	100% of foreign and 95% of local
(3) Consultants' services:		100%
(a) for NIGETIP under Part A of the Project;	600,000	
(b) for Part A of the Project;	1,700,000	
(c) for Parts B and C of the Project	900,000	
(4) Training and seminars	300,000	100%
(5) Incremental operating costs expenditures expenditures	350,000	100% of foreign and 95% of local
(6) Refunding of Project Preparation Advance	1,000,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(7) Unallocated	1,000,000	

TOTAL 14,500,000

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";

(c) the term "incremental operating costs" means the incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, vehicle operation, Project-related travel and supervision, and salaries for local contractual staff, but excluding salaries of officials of the Borrower's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures: (i) prior to the date of this Agreement, and (ii) under Category (1) of the table set forth in paragraph 1 of this Schedule, in respect of expenditures for a Sub-project unless said Sub-project has been approved by the Borrower and the Association in accordance with the provisions of paragraph (2) of Schedule 1 to the Project Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under Category 1 of the table set forth in paragraph 1 of this Schedule, and for goods under contracts not exceeding \$50,000 equivalent; works under contracts not exceeding \$250,000 equivalent and services under contracts with: (a) consultancy firms not exceeding \$100,000 equivalent, and (b) individual consultants not exceeding \$50,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (a) reduce poverty in urban areas by creating employment, (b) provide Municipalities with skills necessary to develop and manage their infrastructure assets; and (c) promote the private construction sector.

The Project consists of the following Parts, subject to such modifications as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Public Works Program

1. Promotion, identification, appraisal, designing, supervision and evaluation of Municipality initiated Sub-projects, and provision of Grants for the financing thereof for the construction and rehabilitation of essential local public, economic and social infrastructure through Sub-projects including:

(a) Municipal income generating Sub-projects, including markets, slaughterhouses, parking lots, and public transport terminals;

(b) Municipal non-income generating Sub-projects, including: road paving, street drainage, side-walks, and the protection against sand encroachment; primary schools, community meeting rooms, and health centers, including the acquisition of furniture for said units.

2. Provision of technical advisory services and training for selected staff in the Borrower's central and local administration to improve skills:

(a) in the identification of Sub-projects, including economic analysis and environmental assessments for said Sub-projects; and

(b) in the carrying out of engineering studies and the supervision of works.

3. Strengthening of the local construction industry through:

(a) promotion and advertisement of the use of local construction materials in urban infrastructure works; and

(b) provision of training to local consultancy firms and contractors in planning, supervision and management of the execution of works.

Part B: Capacity Building

1. Carrying out of studies for: (a) the review the Borrower's laws and regulations on central and local administration; (b) the modification of the budget structure of, and identification of new budgetary resources for, municipalities; (c) the restructuring of the Atelier National d'Urbanisme; (d) the establishment of standardized methods for urban infrastructure planning; (e) the improvement of urban development activities through private sector participation, including the carrying out of a pilot-test; and (f) the definition of a methodology for urban development; and the provision of technical advisory services and training for selected staff of the Borrower and Municipalities.

2. Provision of technical advisory services for the establishment of maps for the Communauté Urbaine de Niamey, and the Commune de Dogondoutchi.

3. Carrying out of studies, provision of technical advisory services and training to selected staff of the Borrower and Municipalities, carrying out of seminars and public awareness activities in the area of urban environmental management.

4. Provision of technical advisory services and training to selected staff of the Borrower, Municipalities and private consultants in: (a) carrying out of ex-post environmental assessments of Sub-projects; and (b) the establishment of a guide for environmental assessments of small municipal works, including the implementation of said guide.

Part C: Project Management

Provision of technical advisory services to BNC and NIGETIP to strengthen their management information systems and their capacity to carry out audits of Sub-projects.

* * *

The Project is expected to be completed by June 30, 2001.

SCHEDULE 3

Procurement

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 Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, 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 works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B, namely that the provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to works to be carried out by domestic contractors.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Works estimated to cost less than \$250,000 equivalent per contract, up to an aggregate amount not to exceed \$13,100,000 equivalent, and goods may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. Sub-projects

Works to be carried out for Sub-projects under Part A.1 of the Project shall be procured in accordance with the procedures set forth in the Manual of Procedures, acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to 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 under Part C.1 of this Section estimated to cost the equivalent of \$50,000 or more for goods, and \$250,000 for works, 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 under Parts A.2 and A.3 of the Project, estimated to cost less than \$25,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for the provision of project audits under Part C of the Project, for mapping under Part B.2 of the Project, and consultants' services under Part A.2 of the Project, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Individual Consultants' Services for short-term missions of technical assistance under Parts B and C of the Project, for the provision of accounting and Project management services under Part C of the Project, 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 the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank 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 Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, and each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 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.

3. Post Review

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

SCHEDULE 4

Implementation Program

1. Except as the Association shall otherwise agree, the Borrower shall carry out Parts B and C of the Project, in accordance with the Project Implementation Plan and shall not amend or waive any provision thereof without the prior approval of the Association.

2. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in the supplemental letter of even date herewith, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association,

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

(c) review with the Association, one month after having furnished to the Association the report referred to under subparagraph (b) of this paragraph, or such later date as the Association shall request, said report and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Associations' views on the matter.

3. (a) The Borrower, NIGETIP and the Association shall undertake a joint review of the Project during the first calendar quarter of every year in which representatives of the Municipalities shall be invited to participate. This review shall cover, inter alia: (i) the progress made in the execution of the Project, and a summary review of the reports furnished to the Association pursuant to paragraph (2) of this Schedule; (ii) NIGETIP's management performance, notably, audit reports according to Section 2.06 (b) of the Project Agreement, its adherence to its Statut, and its Manual of Procedures; (iii) the performance by NIGETIP and the Borrower of their respective obligations under the Convention; (iv) the performance by NIGETIP and contractors of their respective obligations under Works Contracts; (v) the performance by NIGETIP and Municipalities of their respective obligations under the Conventions de délégation de maîtrise d'ouvrage, (vi) an evaluation of the adequacy of contributions to a Sub-project, including the percentage of financing and NIGETIP's fee structure; (vii) evaluation of the scope of Sub-projects implemented; and (viii) analysis of lists of Sub-projects submitted in accordance with the procedure stipulated in paragraph (2) of Schedule 1 to the Project Agreement. The overall performance of NIGETIP shall be measured in terms of the performance monitoring indicators set forth in the Manual of Procedures.

(b) Not later than one month prior to each such review, the Borrower shall, jointly with NIGETIP, furnish to the Association, for its review and comments, and in such detail as the Association shall reasonably request, a report on the progress and status of the Project, covering the points to be reviewed.

(c) Following each such review, the Borrower shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may have been agreed upon between the Borrower and the Association in furtherance of the objectives of the Project.

4. The Borrower and NIGETIP shall, not later than September 30, 1999 or such other date as the Borrower and the Association shall agree upon, carry out a mid-term review to which representatives of Municipalities shall be invited. Such mid-term review shall cover progress made in the implementation of the Project in terms of the provisions of subparagraph 3 (a) of this Schedule. The review shall also assess the impact of the Project on: (a) the creation of: (i) employment, especially for unskilled workers; and (ii) revenues for the Municipalities; (b) the environmental impact of Sub-projects implemented under the Project; (c) enhancement of municipal administrative capacity, and (d) the Borrower's municipal development program. The Borrower shall, with respect to the mid-term review, take the actions described in subparagraphs 3 (b) and (c) of this Schedule.

5. The Borrower shall maintain until the completion of the Project, a Project coordinator and a Project accountant in BNC, both with qualifications, experience and terms of reference acceptable to the Association.

6. The Borrower shall take all necessary measures to ensure that the studies referred to in Part B of the Project shall be carried out in accordance with the time-table set forth in the Project Implementation Plan.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means, in the case of the BNC Special Account Categories (2), (3)(c), (4) and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and in the case of the NIGETIP Special Account Categories (1), (3)(a) and 3(b) set forth in the said table;

(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 to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule, equivalent, in the case of the BNC Special Account to FCFA 125,000,000; and in the case of the NIGETIP Special Account to FCFA 800,000,000; provided, however, that unless the Association shall otherwise agree, the Authorized Allocation for:

(i) the BNC Special Account shall be limited to an amount equivalent to FCFA 60,000,000 until the aggregate amount of withdrawals from the Credit Account allocated to Categories (2), (3)(c), (4) and (5) 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 C of the Project shall be equal to or exceed the equivalent of SDR 900,000; and

(ii) the NIGETIP Special Account shall be limited to an amount equivalent to FCFA 400,000,000 until the aggregate amount of withdrawals from the Credit Account allocated to Categories (1), (3)(a) and (3)(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 Part A of the Project shall be equal to or exceed the equivalent of SDR 3,000,000.

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 deposit into the respective Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective 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

replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective Eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the Eligible Categories, 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.

