

October 26, 1990

His Excellency Mr Moussa TOURE  
Minister of Economy and Finance  
Rue Charles Laine  
B.P. 4012  
Dakar  
Senegal

RE- Senegal: Credit No. 1868 SE (Industrial Sector  
Restructuring Project)

Excellency,

Referring to the Development Credit Agreement for the Industrial Sector Restructuring Project, dated February 5, 1988, between the Republic of Senegal (the Borrower) and the International Development Association (the Association) and to your letter dated July 19, 1990, proposing certain changes to the Development Credit Agreement in order to adapt the project better to the restructuring needs of the Senegalese enterprises, we are pleased to inform you that the Association accepts your proposal and proposes the following amendments to the Development Credit Agreement:

1. Category (1) in para. 1 of Schedule 1 be amended, the amount of Credit allocated (expressed in SDR equivalent) and the % of expenditures to be financed, to read as follows:

- |     |     |  |            |      |
|-----|-----|--|------------|------|
| (1) | (a) | Goods for Investment Projects financed under Sub-loans Part A.1 of the Project other than those included in Categories 1(b) and 1(c) | 15,325,000 | 100% |
|     | (b) | Sub-loans for rehabilitation studies   | 825,000    | 80%  |
|     | (c) | Sub-loans for working capital  | 2,750,000  | 100% |

2. The time period set forth in sub-paragraph (i) of para. 2(b) Schedule 1 for the eligibility of expenditures made prior to the date on which the Association shall receive the application, be amended to read "hundred a eighty days".

3. The debt/equity ratio, set forth in para. 1 (c) of Part A of Schedule 4, be substituted by the ratio of "4:1".

4. The liquidity ratio, set forth in para. 1 (d) of Part A of Schedule 4, be substituted by "1:1", and the wording "provided, however, that reasonable projections shall indicate that a liquidity ratio of at least 1,2:1 will be achieved during the term of the Sub-loan" be added at the end of such paragraph.

5. The debt service coverage ratio, set forth in para. 1 (e) of A of Schedule 4, be substituted by the ratio of "1:1" and the wording "provided, however, that the reasonable projections shall indicate a debt service coverage ratio of at least 1,3:1 will be

achieved during the term of the Sub-loan" added at the end of such paragraph.

6. At the end of para. 2 (c) of Part A of Schedule 4 the following sentence be added: "provided, however, that the maturity of Sub-loans for working capital shall not exceed five years with a maximum grace period of three years and the maturity of Sub-loans, which can be converted into equity, shall have a maximum maturity of ten years and a maximum grace period of five years.

7. At the end of para. 2 of Part A of Schedule 4, the following paragraph be added:

(j) Sub-loans for rehabilitation studies shall be limited to CFAF 15 million per study.

(k) Sub-loans for working capital shall be limited to CFAF 150 million per Sub-loan."

8. The amount of the Authorized Allocation for the Special Account A, set forth in para. 1 (d) (i) of Schedule 5 be amended to read "CFAF 500 million".

Could you indicate your agreement to these amendments by signing the enclosed copy of this letter and returning it to us. Upon receipt of the signed copy by the Association, the amendment shall become effective.

INTERNATIONAL DEVELOPMENT ASSOCIATION

Authorized Representative

CONFIRMED:

REPUBLIC OF SENEGAL

Authorized Representative

Date: November 23, 1990

