

CONFORMED COPY

CREDIT NUMBER 1815 GUI

(Transport Sector Project)

between

REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 28, 1987

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 28, 1987, between REPUBLIC OF GUINEA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter of intent dated May 9, 1987 from the Borrower describing the Borrower's strategy in respect of its transport sector (the Transport Sector), declaring the Borrower's commitment to the execution of a program of actions designed to achieve essential reforms of the Borrower's Transport Sector (said strategy and actions hereinafter called the Program), and requesting assistance from the Association and from the resources of the Special Facility for Sub-Saharan Africa (the African Facility) in the financing of investments in the Transport Sector in support of the Program;

(B) 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;

(C) part of the Project will be carried out by the Port

Autonome de Conakry (PAC) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to PAC part of the proceeds of the Credit as provided in this Agreement;

(D) the Borrower intends to contract from the African Development Bank (AfDB) a loan (the AfDB Loan) in an amount equivalent to \$30,000,000 to assist in financing Part B of the Project on the terms and conditions set forth in an agreement (the AfDB Loan Agreement) to be entered into between the Borrower and AfDB;

(E) the Borrower intends to contract from Kreditanstalt fur Wiederaufbau (KfW) a financial contribution from the Federal Republic of Germany under the Special Joint Financing Agreement for the Special African Facility (the KfW Contribution) in an amount of twenty five million deutsche mark (DM 25,000,000) to assist in financing Part B of the Project on the terms and conditions set forth in an agreement (the KfW Agreement) to be entered into between the Borrower and KfW;

(F) the Borrower has obtained from the Gesellschaft fur Technische Zusammenarbeit of the Federal Republic of Germany (GTZ) a grant (the GTZ Grant) in an amount of DM 2,000,000 to assist in financing Part B of the Project on the terms and conditions set forth in an agreement (the GTZ Agreement) between the Borrower and GTZ dated February 17, 1987; and

(G) the Borrower intends to obtain from the Fonds d'Aide et de Cooperation of the French Republic (FAC) a grant (the FAC Grant) in an initial amount of FF 7,000,000 to assist in financing Part C of the Project on the terms and conditions set forth in an agreement (the FAC Agreement) to be entered into between the Borrower and FAC;

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 PAC;

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 thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) the last sentence of Section 3.02 is deleted; and

(b) Section 9.06 (c) is modified to read:

"(c) Promptly after completion of the Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the execution of the Program referred to in the Preamble to the Development Credit Agreement, the performance by the Borrower and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit."

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

set forth and the following additional terms have the following meanings:

(a) "Project Agreement" means the agreement of even date herewith between the Association and PAC, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

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

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

(d) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated June 5, 1986, and July 2, 1986, between the Borrower and the Association;

(e) "Category(ies)" means the category(ies) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(f) "Fiscal Year" and "FY" mean the Borrower's or PAC's fiscal year, as the case may be, which coincides with the calendar year;

(g) "Air Guinee" means a public enterprise of the Borrower established by Ordonnance No. 048/PRG of December 30, 1960, and operating pursuant to decree No. 134/PRG of April 19, 1961;

(h) "ANA" means the autonomous agency for air navigation and management of secondary airports to be established by the Borrower pursuant to Section 3.07 of this Agreement;

(i) "Meteorologie Nationale" means the Borrower's meteorological service in the Secretariat of State for Water and Forests of the Ministry of Natural Resources, Energy and the Environment;

(j) "Office Maritime" means the entity established by decree No. 0080/PRG/63 of February 7, 1963 of the Borrower to take care of the operation and maintenance of the Borrower's maritime navigation aids;

(k) "ONCFG" means the Office National des Chemins de Fer de la Republique de Guinee, a public enterprise of the Borrower established and operating pursuant to Ordonnance No. 32/Bis/TP of June 2, 1959;

(l) "OPR" means Office du Projet Routier, created by the Borrower's decree No. 38/PRG/84 of February 2, 1984;

(m) "PAC" means Port Autonome de Conakry, a public enterprise of the Borrower established by decree No. 050/PRG/82 of June 22, 1982;

(n) "SET" means the Secretariat d'Etat aux Transports of the Borrower;

(o) "SETP" means the Secretariat d'Etat aux Travaux Publics of the Borrower;

(p) "SNG" means the Societe Navale Guineenne, a public enterprise of the Borrower established by decree dated May 8, 1968;

(q) "SOGEAC" means the Societe de Gestion et d'Exploitation de l'Aeroport de Conakry, a joint venture company in which the Borrower is a shareholder, established pursuant to an agreement dated July 15, 1987 between the Borrower, the Chambre de Commerce et d'Industrie de Bordeaux and Caisse Centrale de Cooperation Economique acting on behalf of the Fonds d'Aide et de Cooperation; and

(r) "ONTPR-TUC" means the Office National des Transports Publics et Routiers - Transports Urbains de Conakry, a public enterprise of the Borrower established by decrees No. 29/PRG of February 4, 1960 and No. 104/PRG of March 31, 1961.

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 forty-two million eight hundred thousand Special Drawing Rights (SDR 42,800,000).

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

(b) 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 June 30, 1992, 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 at the rate of one-half of one percent (1/2 of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue from a date sixty days after the date of the Development Credit Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or shall be cancelled.

(b) 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 May 1 and November 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each May 1 and November 1 commencing November 1, 1997, and ending May 1, 2037. Each installment to and including the installment payable on May 1, 2007, shall be one-half of one percent (1/2 of 1%) of such

principal amount, and each installment thereafter shall be one and one-half percent (1-1/2%) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end:

(a) shall carry out Part A of the Project through SETP and Parts C and D of the Project through SET with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and transportation practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for said Parts of the Project;

(b) without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall cause PAC to perform in accordance with the provisions of the Project Agreement all the obligations of PAC therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable PAC to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance;

(c) shall relend the proceeds of the Credit allocated from time to time to Categories (1)(d), (2)(b) and (3)(b) to PAC under a subsidiary loan agreement to be entered into between the Borrower and PAC under terms and conditions which shall have been approved by the Association, which shall include bearing of the foreign exchange risk by PAC, an annual interest rate of 8.00%, a repayment period of twenty (20) years, including a grace period of four (4) years;

(d) shall relend the proceeds of the Credit allocated from time to time to Categories (1)(e), (1)(f) and (2)(c) to ANA under a subsidiary loan agreement to be entered into between the Borrower and ANA under terms and conditions which shall have been approved by the Association, which shall include bearing of the foreign exchange risk by ANA, an annual interest rate of 8.00%, a repayment period of twenty (20) years, including a grace period of four (4) years;

(e) shall exercise its rights under the Subsidiary Loan Agreements in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreements or any provision thereof;

(f) the Borrower and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program; and

(g) prior to each such exchange of views, the Borrower shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program in such detail as the Association shall reasonably request.

Section 3.02. Except as the Association shall otherwise agree:

(a) procurement of the goods, works and consultants' services required for Parts A, C and D of 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; and

(b) procurement of the goods, works and consultants' services required for Part B of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to the Project Agreement.

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

Section 3.04. For the purpose of Part A.6 of the Project, the Borrower shall: (a) not later than November 15, 1987, submit to the Association for its review the recommendations of the study on a mechanism for funding of road maintenance programs for the period 1988-1993; (b) not later than December 31, 1987, approve such mechanism, as shall have been satisfactory to the Association; and (c) promptly thereafter, implement said mechanism.

Section 3.05. The Borrower shall allow PAC to carry forward cumulated losses as of December 31, 1987 for the purpose of calculating income taxes due in FY 1988 and in any subsequent fiscal year.

Section 3.06. The Borrower shall carry out and cause PAC and all concerned public enterprises to carry out the agreement for the settlement of their mutual debts and arrears referred to in Section 6.01 (c) of this Agreement.

Section 3.07. The Borrower shall, not later than June 30, 1988, establish ANA in accordance with the provisions of Schedule 4 to this Agreement.

Section 3.08. The Borrower shall:

(a) not later than March 31, 1988, adjust, and cause ANA to adjust periodically thereafter, aircraft landing fees in consultation with SOGEAC; and

(b) cause ANA to submit, not later than October 1 of each year, its annual budget to the Association for its review and comment.

Section 3.09. The Borrower shall detach at all times teams of staff from the Meteorologie Nationale, whose qualifications, experience and number shall be satisfactory to the Association, to the Conakry airport and to the secondary airports.

Section 3.10. For the purposes of Part C of the Project, the Borrower shall, not later than December 31, 1990, submit to the Association for its review and comments a report, evaluating the operation of the reorganized civil aviation sub-sector.

Section 3.11. For the purpose of Part C.1 of the Project, the Borrower shall, not later than June 30, 1988, submit to the Association for its review and comments a new organizational structure to carry out the activities of Air Guinee, and promptly thereafter, implement such structure as shall have been satisfactory to the Association.

Section 3.12. The Borrower shall not provide any subsidies or monopoly rights to SNG or any other company for shipping activities.

Section 3.13. (a) The Borrower shall, not later than December 31 of each year, submit to the Association for its review and comment, the Borrower's three-year total rolling investment

and expenditure program for the Transport Sector, and shall not carry out, or guarantee the financing of, any project in said sector whose economic, financial or technical justification shall not have been satisfactory to the Association.

(b) As part of such program, the Borrower shall submit to the Association infrastructure maintenance budgets for the roads, ports, railroad and aviation sub-sectors for the following fiscal year; such budgets shall include an outline program of works for such year, their financing requirements and the sources of funds for covering them.

ARTICLE IV

Other 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 Parts A, C and D of the Project of the departments or agencies of the Borrower responsible for carrying out said Parts of the Project or any portion thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than four months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all the 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 completion of the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. The Borrower shall cause each transport sector

agency (including ANA) whose expenditures are financed in part or in total out of the proceeds of the Credit:

(a) to take out and maintain with responsible insurers, or to make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;

(b) to carry on its operations and conduct its affairs in accordance with sound administrative, financial and technical practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and

(c) at all times to operate and to maintain its buildings, machinery, vehicles, equipment and other property, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, administrative, financial and technical practices.

Section 4.03. The Borrower shall, at all times:

(a) limit its a priori controls on PAC's operations to the prior approval of contracts of an amount exceeding \$250,000 equivalent, and control other expenditures as needed on an a posteriori basis;

(b) take or cause to be taken all measures required on its part to enable PAC to maintain one or more commercial bank accounts for deposit of payments received from PAC clients and to keep PAC's surplus cash in interest bearing accounts;

(c) exempt PAC from the obligation made under the accounting code to transfer to the Borrower the depreciation allowances labeled "Amortissements a verser au Plan" and convert such allowances in capital of PAC; and

(d) take or cause to be taken all measures required on its part to enable PAC to adjust its port tariffs for purposes of fulfilling its obligations under Section 4.04 of the Project Agreement.

Section 4.04. The Borrower shall not exempt any entity owned or controlled by the Borrower, or operating for the account or benefit of the Borrower, or any of its ministries or agencies from the payment of port tariffs to PAC for the use of ports services and facilities.

Section 4.05. The Borrower shall take all measures necessary to ensure that no financial transfers shall take place from PAC to the Borrower or any entity or agency owned or controlled by the Borrower, with the exception of applicable taxes and duties, repayment of loans, remuneration for services rendered and dividend payments out of net profits declared.

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

(b) after any of the exchanges of views referred to in Section 3.01 (f) of this Agreement, the Association shall have determined that the progress achieved by the Borrower in carrying out the Program is not satisfactory;

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

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

(e) PAC's statutes or regulations shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of PAC to perform any of its obligations under the Project Agreement;

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

(g) any legal instrument establishing ANA shall have been amended, suspended, abrogated, repealed or waived without the Association's prior approval;

(h) (i) Subject to subparagraph (ii) of this paragraph:

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

(B) any such loan shall have become due and payable prior to the agreed maturity thereof;

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

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

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

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

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

(b) the events specified in paragraphs (e), (f) or (g) of Section 5.01 of this Agreement shall occur; and

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

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) enactment of revised statutes and regulations (police, operations, personnel) for PAC; PAC's new organization chart and salary structure are in effect; PAC's new tariffs have been published and are in effect; and, agreement by the Borrower of the revaluated opening balance sheet of PAC as of January 1, 1986; all of which shall be satisfactory to the Association;

(b) promulgation of the legal instruments required pursuant to paragraphs (a), (b) and (c) of Section 4.03 of this Agreement;

(c) signing of an agreement, satisfactory to the Association, between the Borrower and PAC for the settlement of their mutual debts and arrears;

(d) approval by PAC's board of directors of a program satisfactory to the Association to strengthen PAC's financial management (including its accounting system, cost accounting, statistics, billing and collection procedures and internal controls) and to train PAC personnel in such areas; and

(e) the special tax on petroleum products has been increased by at least GF 15 per liter.

Section 6.02. The following is specified as an additional matter, 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, namely, that the Project Agreement has been duly authorized or ratified by PAC, and is legally binding upon PAC in accordance with its terms.

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

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

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Borrower's Secretary of State in charge of Transport and Secretary of State in charge of Public Works are designated as representatives 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:

Secretariat d'Etat aux Transports
B.P. 715
Conakry
Republique de Guinee

Telex:

649 MITRANS

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:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

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

REPUBLIC OF GUINEA

By /s/ Tolo Beavogui
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ismail Serageldin
Acting 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) Works:		
(a) for Part A.1	14,900,000	100% of foreign expenditures
(b) for Part A.2	100,000	100%
(c) for Parts A.3 and D.6	1,000,000	100% of foreign expenditures
(d) for Parts B.5, B.6 and B.7	6,900,000	100% of foreign expenditures
(e) for Parts C.3 (a), C.3 (c) and C.3 (f)	1,000,000	100% of foreign expenditures
(f) for Part C.4	1,800,000	100% of foreign expenditures
(2) Goods:		
(a) for Part A	700,000	100% of foreign expenditures

(b) for Part B.8	100,000	100% of foreign expenditures
	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(c) for Parts C.2, C.3 and C.4	2,300,000	100% of foreign expenditures
(d) for Part C.5	500,000	100% of foreign expenditures
(3) Consultants' services and training:		
(a) for Part A	2,000,000	100%
(b) for Part B.8	500,000	100%
(c) for Part C	1,000,000	100%
(d) for Part D	2,500,000	100%
(4) Refunding of Project Preparation Advance	400,000	Amount due pursuant to Section 2.02 (b) of this Agreement
(5) Unallocated	7,100,000	
TOTAL	42,800,000	

2. For the purposes of this Schedule, 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.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals may be made on account of payments made under Category (1)(a) before that date but after June 15, 1987;

(b) payments made for expenditures to be financed out of the proceeds of the Credit allocated to Category (1)(a), unless the Borrower has included in its budget for FY 1988 an amount adequate to cover the maintenance of the priority road network;

(c) payments made for expenditures to be financed out of the proceeds of the Credit allocated to Categories (1)(d), (2)(b) and (3)(b), unless the AfDB Loan and the KfW Contribution have become effective and the Borrower has entered into the Subsidiary Loan Agreement with PAC referred to in Section 3.01 (c) of this Agreement;

(d) payments made for expenditures to be financed out of the proceeds of the Credit allocated to Categories (1)(e), (1)(f) and (2)(c), unless (i) the Borrower has entered into the Subsidiary Loan Agreement with ANA referred to in Section 3.01 (d) of this Agreement, and (ii) the head and one other member of the technical assistance team have taken up their assignment at ANA; and

(e) payments made for expenditures after January 1, 1988, unless the Borrower has increased the pump price of petroleum products to a level satisfactory to the Association.

SCHEDULE 2

Description of the Project

The objectives of the Project are to improve and increase the supply and efficiency of transport services in order to meet the growing demand and eliminate existing transport-related bottlenecks to the development of the productive sectors of the Borrower's economy.

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 Sub-sector

1. Rehabilitation of paved roads, including about 206 km of pavement strengthening and about 157 km of resealing, and supervision thereof.
2. Pilot routine maintenance program for paved roads, including control of vegetation, on Kissidougou-Kankan road using small contractors.
3. Rehabilitation of offices for SETP (about 1400 m²) and acquisition of furniture and equipment for these offices.
4. Transfer of OPR's planning, programming and control functions for road works (road construction and maintenance) to SETP, and strengthening of SETP's capacity to plan, program, administer and supervise road works, including related feasibility and engineering studies; carrying out of organizational studies, manpower development and staff training out.
5. Transformation of OPR in a civil works enterprise.
6. Improvement of mechanism for financing highway maintenance operations.

Part B: Port Sub-sector (Conakry Port)

1. Construction of a siltation prevention dike of about 1500 m at the north side of the harbor.
2. Extension of the Prudente breakwater by about 200 m.
3. Construction of a container berth of about 250 m long and 10 m deep, and of a storage area (about 75,000 m², of which about 45,000 m² paved).
4. Dredging of about 1.8 million m³ to deepen the leading channel and port water area to minus 9.5 m.
5. Construction of a fuel jetty for ships up to 30,000 dwt and 190 m long.
6. Rehabilitation of existing port facilities, including paved areas, quay aprons and fenders and water drainage and electrical systems.
7. Acquisition and installation of navigation aids, including light buoys and beacons.
8. Improvement of PAC's operational efficiency by:
(a) strengthening of PAC in the areas of inter alia: procurement

and supervision of works, port operations (including port security) and financial management; and (b) staff training.

Part C: Aviation Sub-sector

1. Restructuring of Air Guinee.
2. Establishment of an autonomous agency in charge of air navigation and management of secondary airports (ANA), and assistance to start-up of agency's operations, including staff training and studies.
3. Improve safety of flight operations at Conakry airport, including through:
 - (a) construction of a building for the security and fire-fighting services;
 - (b) acquisition of an ambulance and service vehicles;
 - (c) construction of a wall to enclose the airport area;
 - (d) acquisition and installation of navigation aid equipment;
 - (e) acquisition and installation of telecommunications equipment; and
 - (f) rehabilitation of airport buildings and acquisition of office furniture and supplies for ANA.
4. Improve safety of flight operations at Kankan-Diankana, Labe, N'Zerekore and Siguiriri airports, including through:
 - (a) rehabilitation of runways and drainage works;
 - (b) rehabilitation of essential buildings and acquisition of essential furniture; and
 - (c) acquisition, installation and maintenance of navigation aid, telecommunications, power and fire-fighting equipment.
5. Strengthening of the Meteorologie Nationale, including staff training, acquisition, installation, rehabilitation and maintenance of telecommunications, weather observation and power generation equipment, and service vehicles.

Part D: Transport Sector Management (SET)

1. Establishment and implementation of a policy environment and fiscal and regulatory framework, fostering private entrepreneurship in the transport sector including: (a) gradual disengagement of the Borrower from transport sector activities; and (b) assistance and training for private sector operators.
2. Privatization of transit, consignment, stevedoring and other port-related services, including establishment of a Port Labor Office managed by the Association Guineenne des Entreprises de Manutention Portuaire (AGEMAP) employing PAC's former dockers;
3. Restructuring of public enterprises operating in the transport sector.
4. Improvement of administration of the country's vehicle fleet through strengthening of SET's Automobile Management and Control Directorate, enactment of regulations for axle load control and improved enforcement of basic technical safety regulations.
5. Strengthening of SET, including manpower development and staff training, adjustment in staffing to meet functional requirements, strengthening of transport sector planning and project evaluation.

6. Rehabilitation of SET offices (about 800 m2) and acquisition of office equipment and furniture.

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The Project is expected to be completed by December 31, 1991.

SCHEDULE 3

Procurement and Consultants' Services for Parts A, C and D of the Project

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

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

2. Bidders for the works included in Part A of the Project shall be prequalified as described in paragraph 2.10 of the Guidelines.

Part B: Other Procurement Procedures

1. Civil works for Parts A, C and D of the Project, estimated to cost less than the equivalent of \$2,500,000 per contract (up to an aggregate amount not to exceed in the case of works for Part A of the Project the equivalent of \$5,000,000), may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Goods for Parts A, C and D of the Project, estimated to cost less than the equivalent of \$200,000 per contract (up to an aggregate amount not to exceed in the case of goods for Part C of the Project the equivalent of \$2,000,000), may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

3. Goods for the vegetation control program described in Part A.2 of the Project may be procured through OPR's purchasing agent selected in accordance with the provisions of Section II of this Schedule.

4. Proprietary equipment and spare parts may be purchased by direct negotiated purchase from one manufacturer or supplier, if in the opinion of the Association: (a) suitable equipment or spare parts, compatible with equipment already in place, cannot be obtained from another source; and (b) the cost of such equipment or spare parts is reasonable.

Part C: Review by the Association of Procurement Decisions

1. Review of prequalification:

With respect to the prequalification of bidders as provided in Part A.2 hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

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

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

paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply.

(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.

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

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

Section II. Employment of Consultants

In order to assist the Borrower in carrying out Parts A, C and D of the Project (including for the supervision of all civil works), 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.

SCHEDULE 4

Details of institutional set-up of the Air Navigation Agency (ANA) to be established.

1. The autonomous Air Navigation Agency (ANA) shall: (i) own, install, construct, manage, operate and maintain all navigation aids, telecommunications equipment and all other equipment and facilities needed for air navigation in Guinea; (ii) own, install, construct, maintain and operate all civilian facilities and equipment, including runways, buildings, fire-fighting equipment of all secondary airports in Guinea.

2. ANA shall have legal capacity and financial autonomy, under the tutelle of the Secretariat d'Etat aux Transports. ANA's autonomy shall include administration, finance and personnel matters.

3. ANA shall be financially viable and profitable, and generate its own revenues by levying fees on all aircraft landing and taking off at secondary airports and through a share of the airport fees at Conakry Airport, to be collected by SOGEAC and shared with ANA according to arrangements satisfactory to the Association. Airport fees shall be set at sufficient levels to ensure that ANA's operating revenues cover all its operating expenses, including adequate maintenance expenditures, interest charges on debt, provisions for losses and renewals, depreciation and amortization.

4. The Borrower shall, without prejudice to its capital contributions in kind at the creation of ANA, provide a cash equity contribution of not less than US\$800,000 equivalent to finance the local costs of the investments included in the Project; such cash contribution shall be released in annual tranches covering such costs for each year the Project is executed, in accordance with a timetable satisfactory to the Association.

5. Proposals for ANA's statutes, organization, rules and regulations of operations, shall be prepared with the assistance of consultants and shall be submitted for the Association's approval not later than March 31, 1988. ANA shall be established

not later than June 30, 1988.

6. ANA shall cooperate with SOGEAC on all matters relating to Conakry Airport and with the Meteorologie Nationale on matters related to meteorological services for air navigation. ANA and Meteorologie Nationale will enter into an arrangement specifying their respective duties and obligations for the provision of these services, including maintenance, operations and ownership of meteorological equipment financed under the Credit as well as management and administration of personnel of the Meteorologie Nationale responsible for meteorological services for air navigation. Such arrangement, as shall be satisfactory to the Association, shall become effective not later than October 1, 1988.

