

CONFORMED COPY

LOAN NUMBER 3777 GA

Loan Agreement

(Transport Sector Technical Assistance Project)

between

THE GABONESE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated October 13, 1994

LOAN NUMBER 3777 GA

LOAN AGREEMENT

AGREEMENT, dated October 13, 1994, between THE GABONESE REPUBLIC (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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 Bank to assist in the financing of the Project;

(B) part of the Project will be carried out by the Municipalite de Libreville (the Municipality) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to the Municipality part of the proceeds of the Loan as provided in this Agreement; and

(C) the Borrower intends to contract from: (a) other donor(s) loan(s) or grant(s) to assist in financing part of the Project on terms and conditions set forth in (an) agreement(s) to be entered into between the Borrower and this/these donor(s);

WHEREAS the Bank has agreed on the basis, inter alia, of the foregoing to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Bank and the Municipality;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, 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) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

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

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

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

(c) "Special Account" means each of the accounts referred to in Section 2.02 (b) of this Agreement;

(d) "Project Preparation Advance" means the project preparation advance granted by the Bank to the Borrower pursuant to an exchange of letters dated May 6, 1994, and May 9, 1994, respectively, between the Borrower and the Bank;

(e) "MEPRSPP" means Ministère de l'Économie, de la Planification, du Redressement du Secteur Parapublic et de la Privatisation, the Ministry for Economics, Planning, Public Sector Restructuring and Privatization of the Borrower;

(f) "MFBP" means Ministère des Finances, du Budget et des Participations, the Ministry of Finance, Budget and Participation of the Borrower;

(g) "MTTPN" means Ministère des Transports, du Tourisme et des Parcs Nationaux, the Ministry of Transport, Tourism and National Parks of the Borrower;

(h) "MMMP" means Ministère de la Marine Marchande et de la Pêche, the Ministry of Merchant Shipping and Fisheries of the Borrower;

(i) "MEC" means Ministère de l'Équipement et de la Construction, the Ministry of Equipment and Construction of the Borrower;

(j) "MHCU" means Ministère de l'Habitat, du Cadastre et de l'Urbanisme, the Ministry of Urban Affairs of the Borrower;

(k) "Manual of Procedures" means the guidelines, included in the Implementation Manual, for implementation of Part E of the Project;

(l) "Implementation Manual" means the guidelines for Project implementation, including, inter alia, the Manual of Procedures, monitoring indicators and sample bidding documents; and

(m) "CFA Franc" or "CFAF" means the Franc de la Cooperation Financiere en Afrique Centrale, the currency of the Borrower.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of five million two hundred thousand dollars (\$5,200,000), it being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank 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 Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFA Franc two special deposit accounts (Special Account A for MEPRSPP; and Special Account B for the Municipality) in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

(c) Promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the Amount required to repay the principal 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 September 30, 1997 or such later date as the Bank shall accept. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

- (i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph

(a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semi-annually on June 15 and December 15 of each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

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

- (i) shall, under the overall coordination of MEPRSPP, carry out Parts A through D of the Project, with due diligence and efficiency and in conformity with appropriate planning, training, engineering, environmental, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for Parts A through D of the Project; and
- (ii) without limitation or restriction upon any of its other obligations under the Loan Agreement, shall cause the Municipality to carry out Part E of the Project and to perform all its obligations set forth in the Project Agreement, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable the Municipality 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 Bank shall otherwise agree, the Borrower shall: (i) carry out Parts A through D of the Project in accordance with the Implementation Schedule set forth in Schedule 5 to this Agreement; and (ii) open and maintain in a commercial bank two accounts (Project Account A for MEPRSPP, and Project Account B for the Municipality) to be used exclusively to meet expenditures under the Project; and deposit: (A) into Project Account A an initial amount equivalent to \$100,000 and into Project Account B an initial amount equivalent to \$170,000; and (B) the remaining amounts of its counterpart contribution into each Project Account according to a schedule of payments agreed upon between the Borrower and the Bank.

(c) Pursuant to paragraph (a)(ii) of this Section, the Borrower shall

make the proceeds of the Loan, allocated from time to time to the Municipality, available to the Municipality as a grant under a Subsidiary Grant Agreement to be entered into between the Borrower and the Municipality, under terms and conditions acceptable to the Bank.

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

Section 3.02. The Borrower shall:

(a) no later than November 30, 1995, or at such later date as the Bank and the Borrower shall agree upon, carry out jointly with the Bank an in-depth review of Project implementation (mid-term review), and invite donors and public enterprises active in the Borrower's transport sector to participate in such review;

(b) such review shall: (A) assess, inter alia: (i) progress in meeting the Project's objectives; (ii) adequacy of counterpart funding; (iii) continued commitment of the Borrower to stimulate participative development of the transport and urban sector strategy referred to in paragraphs (7) and (8) of Schedule 5 to this Agreement; (iv) compliance of Project implementation with regard to the Implementation Manual agreed upon by the Borrower and the Bank; and (v) feasibility to initiate pre-investment studies; and (B) propose an action plan to improve Project implementation, if required;

(c) furnish to the Bank, not later than one month prior to such mid-term review, a report, in scope and detail satisfactory to the Bank, describing the status of the items referred to in paragraph (a) of this Section, and of Project implementation generally; and

(d) following such review, promptly prepare and implement an action plan, acceptable to the Bank, for the further implementation of the Project.

Section 3.03. Except as the Bank shall otherwise agree, procurement of goods and consultants' services required for Parts A through D of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.04. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 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 E of the Project, shall be carried out by the Municipality pursuant to Section 2.03 of the Project Agreement.

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 Parts A through D of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part 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 international auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested;

- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request; and
 - (iv) have the records and accounts of Special Account A, audited in accordance with paragraphs (i) through (iii) of this Section: (A) every four months during the first twelve months after the Effective Date; (B) every six months during the second twelve months after the Effective Date; and (C) thereafter, annually until the completion of the Project; and furnish such audits to the Bank at the latest within two months following the end of the period audited.
- (c) For all expenditures with respect to which withdrawals from the Loan 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 Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
 - (iii) enable the Bank's representatives to examine such records; and
 - (iv) ensure that such records and accounts are included in the periodic audits referred to in paragraph (b) of this Section and that the report of such audits contains a separate opinion by said auditors as to whether the statements of expenditure submitted during the period preceding such audit, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) The Municipality shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Municipality will be able to perform its obligations under the Project Agreement.

(c) Ordonnance No. 24/PR-MI-TC of April 6, 1963; and Ordonnance No 39/78 of April 15, 1978 of the Borrower, establishing the administrative autonomy of the Municipality, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Municipality to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Municipality.

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

(A) the right of the Borrower to withdraw the proceeds of any loan or grant made to the Borrower for the financing of parts of the Project shall have been suspended, cancelled or terminated in whole or in

part, pursuant to the terms thereof, 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 Bank that:
(A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and
(B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

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

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

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

(c) the event specified in paragraph (e) (i) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (e) (ii) of that Section, and shall continue for a period of one hundred and twenty days.

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 (c) of the General Conditions:

(a) the Project Coordinator, referred to under paragraph (1) of Schedule 5 to this Agreement, has been appointed in accordance with the provisions of said paragraph;

(b) the accounting firm referred to in paragraph (2) of Schedule 5 to this Agreement has been recruited in accordance with the provisions of said paragraph and a computerized accounting system for the Project, satisfactory to the Bank, has been installed;

(c) an Implementation Manual, satisfactory to the Bank, (including the Manual of Procedures, acceptable to the Municipality), has been approved by the Borrower;

(d) standard international bidding documents for goods and consultants' services, acceptable to the Bank, have been prepared;

(e) the Subsidiary Grant Agreement, acceptable to the Bank, has been executed on behalf of the Borrower and the Municipality;

(f) the Project Accounts referred to in Section 3.01(b)(ii) of this Agreement have been opened and the initial amounts specified in said Section have been deposited into the Project Accounts; and

(g) the independent auditors, referred to in Section 4.01 (b) of this Agreement, have been appointed under a multi-year contract in accordance with the provisions of Section II of Schedule 4 to this Agreement.

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

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

(b) the Subsidiary Grant Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and the Municipality and is legally binding upon the Borrower and the Municipality 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.

ARTICLE VII

Representative of the Borrower; Addresses

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

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

For the Borrower:

Ministere de l'Economie, de la Planification, du
Redressement du Secteur Parapublic et de la
Privatisation
B.P. 172
Libreville, Gabon

Cable address: Telex:

GOPLAN 5370 GO
Libreville

With copy to:

Caisse Autonome d'Amortissement
B.P. 912
Libreville, Gabon

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: Telex:

INTBAFRAD 248423 (RCA)
Washington, D.C. 82987 (FTCC)
64145 (WUI) or
197688 (TRT)

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

THE GABONESE REPUBLIC

By /s/ Paul Boundoukou-Latha
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Francisco Aguirre-Sacasa
Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Works	1,000,000	75%
(2) Goods	100,000	100%
(3) Consultants' services:		
(a) Policy support	600,000	80%
(b) Institutional development	1,000,000	80%
(c) Support for Parts A, B and D of the Project	640,000	80%
(d) Support for Part E of the Project	160,000	80%
(4) Training & seminars	400,000	50%
(5) Incremental operating costs	50,000	50%
(6) Refunding of Project Preparation Advance	550,000	Amount due pur- suant to Section 2.02 (c) of this Agreement
(7) Unallocated	700,000	
	<hr/>	
TOTAL	5,200,000	=====

2. For the purposes of this Schedule, the term "incremental operating costs" means costs of travel, salaries of support staff recruited according to Section II of Schedule 4 to this Agreement, communications, operation and maintenance of computers and office equipment incurred in the carrying out of the Project.

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

- (a) prior to the date of this Agreement; and
- (b) for expenditures under Category (4) of the table set forth under paragraph 1 of this Schedule, unless and until a program for seminars,

workshops and training, acceptable to the Bank, has been furnished to the Bank covering the following twelve months.

4. The Bank may require withdrawals from the Loan Account to be made, under such terms and conditions as the Bank shall specify by notice to the Borrower, for expenditures under contracts for goods, works and consultant's services: (a) not exceeding \$30,000 equivalent; and (b) out of the Special Account on the basis of statements of expenditure.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (a) strengthen the institutional management capacity in the Borrower's transport and urban sectors; (b) establish a transport sector strategy and investment plan; (c) restructure the transport sector; (d) establish an urban sector development strategy and investment plan; and (e) execute an urban infrastructure improvement program in Libreville using labor-based methods.

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

Part A: Strengthening Institutional Management Capacity

(a) analysis of the functions of ministries and municipalities involved in the transport and urban sectors; (b) improvement of human resources management; and (c) preparation and execution of training plans.

4. Carrying out of studies, seminars, and workshops using participatory methodologies to prepare sector strategies.

Part B: Transport Sector Strategy

Preparation of a development strategy and an investment plan for the Borrower's transport sector, including the promotion of, inter alia: (a) improved sector efficiency; (b) increased competition; (c) reduction of transport costs; and (d) the decrease in subsidies to public enterprises in the transport sector.

Part C: Transport Sector Restructuring

Preparation of the Borrower's transport sector restructuring plan pursuant to the strategy developed under Part B of this Schedule, including, inter alia: (a) rail transport: Office du Chemin de Fer Transgabonais (OCTRA), the national railway company; (b) maritime transport: (i) Societe Nationale de Transport Maritime (SONATRAM), the national sea-shipping company; (ii) Societe Nationale d'Acconage et de Transit (SNAT), the national freight forwarding company; (iii) Compagnie de Navigation Interieure (CNI), the river transport company; (iv) Conseil Gabonais des Chargeurs (CGC), the national freight council; and (v) Office des Ports et Rades du Gabon (OPRAG), the port authority; (c) air transport: (i) Libreville airport (ADL); and (ii) Air Gabon; (d) inter- and intra-urban road transport; and (e) road infrastructure.

Part D: Urban Sector Strategy

Preparation of a development strategy and investment plan for the Borrower's urban sector aimed at improving: (a) urban investment planning; (b) urban budgeting; (c) management of the existing infrastructure of the Municipality; and (d) urban land tenure systems.

Part E: Urban Infrastructure Improvement

1. Rehabilitation of selected infrastructures in selected areas of the Municipality using labor-based methods.

2. Carrying out studies, supervision, and grassroot level information campaigns relevant thereto.

* * *

The Project is expected to be completed by April 30, 1997.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each June 15 and December 15, beginning December 15, 1999 through June 15, 2009	\$260,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.20
More than three years but not more than six years before maturity	0.40
More than six years but not more than 11 years before maturity	0.73
More than 11 years but not more than 13 years before maturity	0.87
More than 13 years before maturity	1.00

SCHEDULE 4

Procurement of Goods and Consultants' Services

Section I. Procurement of Goods

Part A: International Competitive Bidding

1. Except as provided in Part B hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

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

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

2. To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$50,000 or more.

Part B: Other Procurement Procedures

1. Goods estimated to cost the equivalent of \$10,000 or less per contract, up to an aggregate amount equivalent to \$40,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Goods estimated to cost the equivalent of \$3,000 or less per contract, up to an aggregate amount equivalent to \$20,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

Part C: Review by the Bank of Procurement Decisions

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

(a) With respect to each contract for goods to be awarded according to the procedures set forth in Part A.1 hereof and Part B hereof, but the latter limited to the first twelve months after the Effective Date, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract, required to be furnished to the Bank pursuant to said paragraph 2 (d), shall be furnished to the Bank prior to the making of the first payment out of such Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of a Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract, together with the other information required to be furnished to the Bank pursuant to said paragraph 3, shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

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

(d) The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms

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

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultants Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than \$50,000 equivalent each; or (b) contracts for the employment of individuals estimated to cost less than \$25,000 equivalent each. However, said exceptions to prior Bank review shall not apply to: (a) the terms of reference for such contracts; (b) single-source selection of consulting firms; (c) assignments of a critical nature, as reasonably determined by the Bank; (d) amendments to contracts for the employment of consulting firms raising the contract value to \$50,000 equivalent or above; or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$25,000 equivalent or above.

SCHEDULE 5

Implementation Schedule

The Borrower shall:

1. appoint a suitably experienced and qualified Project Coordinator, reporting to the Minister of Economy and Planning, in charge of coordinating, monitoring, supervising, and reporting on, Project activities, assisted by experienced and qualified support staff in suitable numbers, including a Project accountant; such Project Coordinator to be acceptable to the Bank at all times until the completion of the Project;
2. recruit, in accordance with the provisions of Section II of Schedule 4 to this Agreement, a qualified accounting firm experienced in working according to the International Accounting Standards and acceptable to the Bank, to assist in the establishment of a computerized accounting system for the Project and to give periodic support to the Project accountant;
3. establish, within three months after the Effective Date, a short list of experienced consultants, acceptable to the Bank, qualified to carry out services under the Project;
4. furnish to the Bank at yearly intervals a program of seminars, workshops and training for the next twelve months, acceptable to the Bank;
5. ensure that no study, assessment, survey, workshop, seminar or other activity undertaken by consultants is implemented without prior nomination of suitably experienced and qualified counterpart staff, to remain in post until the successful attainment of the objectives of such activity;
6. provide in its annual budget amounts adequate to cover its counterpart contributions to the costs of the Project;
7. prepare, within two years after the Effective Date, a medium- and long-term transport sector strategy, acceptable to the Bank, reflecting, inter alia, the views of donors active in the sector of transport sector enterprises, and of representatives of the private sector, to enhance: (i) economic efficiency, (ii) transparency in management, and (iii) a reduction in transport sector public subsidies; and furnish such strategy to the Bank;
8. prepare, within two years after the Effective Date, an urban sector strategy, acceptable to the Bank, reflecting, inter alia, the views of donors active in the sector, of the Municipality, of MFBP, and of representatives of the private sector, to improve: (i) urban management,

(ii) investment planning and programming, and (iii) urban service and infrastructure efficiency; and furnish such strategy to the Bank;

9. have the studies, seminars and workshops agreed upon between the Bank and the Borrower, executed according to the agreed time table;

10. implement the Project according to the Implementation Manual; and

11. under the overall coordination of MEPRSPP, carry out: (i) Part A through MTPN, MMMP, MEC and MHCU; (ii) Part B through MTPN, MMMP and MEC; (iii) Part C (a), (c) and (d) through MTPN; (iv) Part C (b) through MMMP; (v) Part C (e) through MEC; and (vi) Part D through MHCU.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: (i) Categories (2); (3) (a), (b), and (c); (4); and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, regarding Special Account A; and (ii) Categories (1) and (3) (d), regarding Special Account B;

(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 Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$250,000 for Special Account A, and an amount equivalent to \$250,000 for Special Account B, to be withdrawn from the Loan Account and deposited into each Special Account pursuant to paragraph 3 (a) of this Schedule.

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

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into such Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of a Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at monthly intervals or at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into such 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 such Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan 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 a Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish

to the Bank 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 Bank shall not be required to make further deposits into a Special Account:

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

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank 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 Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in a Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of a 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 Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into such Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into such 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 Bank shall have determined at any time that any amount outstanding in a Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

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

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

