

CONFORMED COPY

CREDIT NUMBER 2156 CD

Development Credit Agreement

(Social Development Action Project)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 6, 1990

CREDIT NUMBER 2156 CD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 6, 1990, between REPUBLIC OF CHAD (the Borrower) an 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 Borrower intends to obtain from the United Nations Capital Development Fund (UNCDF) a non-reimbursable contribution in an amount of three million two hundred seventy one thousand dollars (\$3,271,000) (the UNCDF Contribution) to assist in financing Part C of the Project on the terms and conditions set forth in an agreement (the UNCDF Contribution Agreement) to be entered into between the Borrower and UNCDF,

(C) the Borrower intends to obtain from the United States Agency for International Development (USAID) a grant in an amount of two million three hundred thousand dollars (\$2,300,000) (the USAID Grant) to assist in financing Part A.1 of the Project on the terms and conditions set forth in an agreement (the USAID Grant Agreement) to be entered into between the Borrower and USAID;

(D) the Borrower intends to obtain from the Government of the Swiss Confederation (Switzerland) a non-reimbursable contribution in an amount of ten million Swiss Francs (SwF 10,000,000), equivalent to six million seven hundred thousand dollars (\$6,700,000) (the Swiss Contribution) to assist in financing Parts B.1 and D of the Project on the terms and conditions set forth in an agreement (the Swiss Contribution Agreement) to be entered into between the Borrower and Switzerland;

(E) Switzerland has appointed the Association to administer the Swiss Contribution in accordance with the provisions of a Procedural Arrangement, dated May 9, 1990 (the Arrangement), between Switzerland and the Association, and the Association has accepted such appointment; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

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

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

- (a) "CFAF" means the currency of the Borrower;
- (b) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement;
- (c) "Swiss Contribution Account" means the account established by Switzerland for the purpose of the Swiss Contribution;
- (d) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated March 15, 1989 and April 13, 1989 between the Borrower and the Association;
- (e) "MATUH" means Ministere de l'Amenagement du Territoire, de l'Urbanisme et de l'Habitat, the Ministry of Housing and Urban Development of the Borrower;
- (f) "MPH" means the Ministry of Public Health of the Borrower;
- (g) "MSAWD" means the Ministry of Social Affairs and Women Development of the Borrower;
- (h) "ONAMO" means Office de la Main d'Oeuvre of the Borrower;
- (i) "PCSU" means the Project Coordination and Support Unit referred to under Section 3.07 of this Agreement;
- (j) "Sub-project" means a small-scale or a micro-enterprise development project financed out of the proceeds of Category 7 of the table in Schedule 1 to this Agreement for purposes of Part A.1 of the Project; and
- (k) "VITA" means Volunteers in Technical Assistance, a non-governmental organization operating in Chad under a cooperation agreement dated January 21, 1984, and responsible for the management of the line of credit referred to under Part A.1 of

the 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 ten million four hundred thousand Special Drawing Rights (SDR 10,400,000).

Section 2.02. (a) The amount of the Credit and of the Swiss Contribution may be withdrawn from the Credit Account and the Swiss Contribution 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 described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit and of the Swiss Contribution.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF one special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1996 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date 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.

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on June 1 and December 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 June 1 and December 1 commencing December 1, 2000 and ending June 1, 2030. Each installment to and including the installment payable on December 1, 2010 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for

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

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

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

### ARTICLE III

#### Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through the Ministry of Planning and Cooperation with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and environmental protection practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit or the Swiss Contribution shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For purposes of the execution of Part A.1 of the Project, the Borrower shall: (a) make the proceeds of the Credit allocated to Category 7 of the table set forth in paragraph 1 of Schedule 1 to this Agreement available to VITA under a Subsidiary Financing Agreement for financing of Sub-projects in accordance with the terms and conditions and eligibility criteria set forth under Schedule 4 to this Agreement, such terms and conditions to be revised, satisfactory to the Association, not later than December 31, 1991, on the basis of the financial performance of the credit scheme, the prevailing commercial lending rates and the findings of a banking sector review study; and (b) exercise its rights under the Subsidiary Financing Agreement in such manner as to protect the interests of the Borrower and the Association, and, except as the Association shall otherwise agree, the Borrower shall not change, assign, amend or waive any provisions of said Subsidiary Financing Agreement.

Section 3.04. For purposes of the execution of Part A.2 of the Project, the Borrower shall employ an expert, in accordance with the provisions of Section II of Schedule 3 to this Agreement, to establish a technical support unit for micro-enterprises within the Ministry responsible for Labor and Employment.

Section 3.05. For purposes of the execution of Part B of the Project, the Borrower shall: (a) maintain throughout the execution of the Project, a health and social unit, with competent staff from MPH and MSAWD in adequate numbers, whose qualifications and experience are at all times satisfactory to the Association; (b) maintain throughout the execution of the Project, arrangements, satisfactory to the Association, to charge and collect a fee to cover the cost of services provided in the maternities constructed under the Project

and in the health centers supplied with essential drugs under the Project; and (c) take all necessary measures to annually increase the health and social services' operating budgets of N'Djamena and Tandjile, by 10% from their 1990 base in fiscal years 1991, 1992 and 1993.

Section 3.06. For purposes of the execution of Part C of the Project, the Borrower shall: (a) maintain throughout the execution of the Project, the Sanitation Infrastructure Unit within MATUH, with competent staff in adequate numbers whose qualifications and experience are at all times satisfactory to the Association; and (b) employ for such unit an engineer and a head foreman in accordance with the provisions of Section II of Schedule 3 to this Agreement.

Section 3.07. The Borrower shall: (a) maintain PCSU with the full time positions of director and accountant throughout the execution of the Project and of deputy director for the first three years of the Project, filled with staff whose qualifications and experience are at all times satisfactory to the Association; and (b) cause PCSU to submit to the Association, not later than November 1 in each year, annual budgetary programs for the execution of each component of the Project.

Section 3.08. The Borrower shall, not later than November 1 in each year, review the progress achieved in the execution of each component of the Project during the previous 12 months and submit to the Association promptly thereafter, for approval, action plans for the execution of each said component during the following year.

Section 3.09. For purposes of the execution of Part D of the Project, the Borrower shall review with the Association the recommendations of each study, and prepare action plans for their implementation satisfactory to the Association.

#### 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 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 Special Account 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 six 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, 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 or the Swiss Contribution 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 for the fiscal year in which the last withdrawal

from the Credit Account or the Swiss Contribution 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 every six months said auditors furnish to the Association an opinion as to whether the statements of expenditures submitted during such period, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

## ARTICLE V

### Remedies of the Association

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

(a) subject to paragraph (ii) of this Section:

(i) 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, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefore.

(ii) Paragraph (i) of this Section 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.

(b) Decree No. 823/PR/MPC/89 of the Borrower establishing the Interministerial Committee for the monitoring of the Project shall have been amended, suspended, abrogated, repealed or waived without the Association's prior approval.

(c) The respective responsibilities of the Interministerial Committee, its four technical sub-committees, PCSU and the executing agencies in respect of the execution of the Project shall have been modified without the Association's prior approval.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely, that the events specified in paragraphs (b) and (c) of Section 5.01 of this Agreement shall occur.

## 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) the expert referred to under Section 3.04 of this Agreement and the engineer and the head foreman referred to under Section 3.06 (b) of this Agreement have taken up their duties and are satisfactory to the Association; and

(b) contractual arrangements with each executing agency under Parts B.1, B.2 and C.2 of the Project have been signed between the Borrower and said executing agencies, and are satisfactory to the Association.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. In the event that Switzerland or the Association decide to terminate the functions of the Association as Administrator pursuant to paragraph 9 of the Arrangement, the Association shall notify the Borrower promptly of the date on which Switzerland shall assume the rights and obligations of the Association under this Agreement.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower 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:

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

Cable address:

MINPLAN  
N'Djamena

Telex:

5329 KD

For the Association:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

82987 (FTCC)  
248423 (RCA) or  
64145 (WUI)  
197688 (TRT)

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

REPUBLIC OF CHAD

By /s/ Mahamat Ali Adorem

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto E. Madavo

Acting Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit  
and of the Swiss Contribution

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit and the Swiss Contribution, the allocation of the amounts of the Credit and the Swiss Contribution 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)	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expendi- tures to be Financed	% of Expendi- tures to be Financed by Switzerland
(1) Civil works	2,100,000	2,240,000	100%	100%
(2) Furniture and equip- ment	900,000	1,050,000	100%	100%
(3) Essential drugs	700,000	1,500,000	100%	100%
(4) Technical Assistance and Studies	2,650,000	3,060,000	100%	100%
(5) Goods and services for Non- governmental organizations	550,000	-	100%	-
(6) Training	240,000	610,000	100%	100%
(7) Goods and services for Sub- projects under Part A.1 of the Project	470,000	-	100%	-
(8) Incremen- tal operat- ing costs	1,320,000	720,000	80%	80%
(9) Refunding of Project Prepara- tion Advance	620,000	-	Amount due pursuant to Section 2.02 (c) of this Agreement	Amount due pursuant to Section 2.02 (c) of this Agreement
(10) Unallocated	850,000	820,000		
 TOTAL	 10,400,000 =====	 10,000,000 =====		

2. For the purposes of this Schedule, the term "incremental operating costs" means



expenditures for maintenance of Project vehicles, equipment and buildings, salaries of local staff and gasoline and subsistence expenses for travel of Project staff.

3. Notwithstanding the provisions of paragraph 1 above no withdrawal shall be made in respect of payments made for expenditures: (a) prior to the date of this Agreement; and (b) under Category (6) of paragraph 1 above unless: (i) the Subsidiary Financing Agreement referred to under Section 3.03 (a) of this Agreement has been signed and is satisfactory to the Association; and (ii) the USAID Grant Agreement has become effective.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower in stimulating employment generation, improving health and living conditions of vulnerable groups, and strengthening its capacity to design and monitor social improvement programs.

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: Stimulation of Employment Generation

1. Financing of Sub-projects to be carried out by small-scale and micro-enterprises through a line of credit.
2. Assistance to micro-enterprises through training or workshops organized by NGOs or public agencies in technical knowledge, product design and quality control.
3. Counselling assistance to laid-off public sector employees through ONAMO to explore job opportunities and retraining possibilities.

#### Part B: Improvement of Primary Health Care and Social Services

1. (a) Rehabilitation of four health and/or social centers in N'Djamena, construction of three integrated health-social centers and three health-posts in N'Djamena, acquisition of equipment related thereto, preparation of staff training, work planning and supervision programs, improvement in the allocation of essential drugs, and introduction of an efficient cost-recovery program for health care services and essential drugs.

(b) Construction of three 16-bed maternity centers in N'Djamena and acquisition of equipment related thereto.

(c) Strengthening of the overall management of the urban health and social services in N'Djamena through the creation and staffing of health and social districts.

2. Strengthening of regional health services in the Tandjile region to improve the delivery of primary health care through staff training, renovation and equipping of health facilities and the establishment of an essential drug distribution and cost recovery system.

#### Part C: Improvement of N'Djamena's Sanitation Infrastructure

1. (a) Rehabilitation of the drainage system in N'Djamena's two areas most exposed to flooding through the cleaning and widening of two collectors, construction of a network of drainage ditches and of ground ditches around each block, streets reprofiling and regrading, and assistance to residents in cleaning ditches and installing concrete culverts in front of their compounds.

(b) Rehabilitation of N'Djamena's marketplace through drainage works and construction of a concrete platform, improvement of public lighting and water supply in selected areas, acquisition of insecticides for mosquitoes' control, and improvement in garbage collection.

2. Promotion of community participation in the maintenance of sanitation infrastructure and in the improvement of their living and work environment.

Part D: Strengthening of Social Policy Formulation

Execution of studies and surveys on living conditions in rural areas, promotion of micro-enterprises and employment generation, living conditions of urban households and their essential needs, household budget structure and the financing of essential services, and food security to identify vulnerable groups.

\* \* \*

The Project is expected to be completed by December 31, 1995.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

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

2. To the extent practicable, contracts for works and goods shall be grouped in bid packages estimated to cost the equivalent of \$1,000,000 or more each for works and \$300,000 or more each for goods.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Chad may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Construction and/or rehabilitation of health centers, and furniture and equipment estimated to cost less than the equivalent of \$100,000 per contract, up to an aggregate amount not to exceed the equivalent of \$2,700,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Items or groups of items estimated to cost less than the equivalent of \$15,000 per contract, up to an aggregate amount not to exceed the equivalent of \$200,000, 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.

Part E: Review by the Association of Procurement Decisions

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

(a) With respect to each contract estimated to cost the equivalent of \$100,000 or more, 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 Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of a 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, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

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

2. 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 the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

### SCHEDULE 4

#### I. Terms and Conditions for the financing of Sub-projects under Part A.1 of the Project

	First Window	Second Window	Third Window
Loan size	\$100-1,000	\$1,000-24,999	\$25,000-50,000
Collateral	none	yes	yes
Maturity	4 months- 1 year	1-3 years	5 years
Annual interest rate $\alpha$ 1	12% until 6/30/91 13% thereafter	12% until 6/30/91 13% thereafter	12% until 6/30/91 13% thereafter
Grace period	0-1 month	2-4 months	6-9 months
Technical assistance fee	CFAF 750	1.5% $\alpha$ 2	2% $\alpha$ 2
Equity contribution by beneficiary	none	10%	20%
Processing fee	CFAF 750	2% $\alpha$ 2	4% $\alpha$ 2

-----  
Footnote:

1 The interest rate may be adjusted to the financial performance of the credit scheme, the prevailing commercial lending rates and the findings of a

banking sector review study.

2 The fee is expressed as a percentage of the principal amount of the loan.

## II. Eligibility Criteria

Sub-projects shall be for trade and crafts services (first window), manufacturing and agro-industrial production (second window), and agro-industrial production (third window). Beneficiaries shall be new or existing micro- or small-scale enterprises (first and second windows) and existing small-scale enterprises (third window). Sub-projects shall have a financial rate of return of 30% (first window), 40% (second window) or 50% (third window).

### SCHEDULE 5

#### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (8) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit or the Swiss Contribution allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to CFAF 200,000,000 to be withdrawn from the Credit Account or the Swiss Contribution Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

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

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

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

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

All such deposits shall be withdrawn by the Association from the Credit Account or the Swiss Contribution 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 or the Swiss Contribution Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit and the Swiss Contribution 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, withdrawals from the Credit Account or the Swiss Contribution Account of the remaining unwithdrawn amount of the Credit or the Swiss Contribution 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; (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 paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account or the Swiss Contribution Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

[Redacted]