

CONFORMED COPY

CREDIT NUMBER 2067 BUR

(Second Urban Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 22, 1989

CREDIT NUMBER 2067 BUR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 22, 1989, between BURKINA FASO (the Borrower) and 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 contract from the Government of the Republic of Italy (Italy) a grant (the Italian Grant) in an amount equivalent to \$5,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the Italian Grant Agreement) to be entered into between the Borrower and Italy; and

(C) the Project will be carried out by Kadiogo and Bobo-Dioulasso, respectively, with the Borrower's assistance and, as part of such assistance, the Borrower will make available to Kadiogo and Bobo-Dioulasso part of the proceeds of the

Credit as provided in this Agreement; 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 have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Bobo-Dioulasso" means the city of Bobo-Dioulasso, created by Kiti No. AN-VI-0316/FP/MAT of July 6, 1989;

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

(c) "Bobo-Dioulasso Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and Bobo-Dioulasso pursuant to Section 3.02 (a) (ii) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Bobo-Dioulasso Subsidiary Loan Agreement;

(d) "CFAF" means the currency of the Borrower;

(e) "Hotel des Finances" means a single building in which the local branches of the tax, land registry and treasury authorities are located;

(f) "Housing Policy" means the Borrower's policy set forth in Schedule 5 to this Agreement;

(g) "Kadiogo" means the Borrower's Province of Kadiogo;

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

(i) "Kadiogo Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and Kadiogo pursuant to Section 3.02 (a) (i) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Kadiogo Subsidiary Loan Agreement;

(j) "ONASENE" means Office National des Services d'Entretien, de Nettoyage et d'Embellissement of the Borrower, established by Kiti No. AN-V-0332/FP/MET of August 3, 1988 as modified from time to time;

(k) "ONEA" means the Office National de l'Eau et de l'Assainissement of the Borrower, under the supervision of the Minister of Water;

(l) "Ouagadougou" means part of the Province of Kadiogo, as defined in Article 4 of Kiti No. AN-VI-0315/FP/MAT of July 6, 1989, on reorganization and status of the Province of Kadiogo;

(m) "Project Account" means the account referred to in the respective Sections 2.02 of the Kadiogo Project Agreement and the Bobo-Dioulasso Project

Agreement;

(n) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated February 12, 1986 and May 2, 1986 between the Borrower and the Association;

(o) "Project Unit" means the unit referred to in Section 3.03 of this Agreement; and

(p) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

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 eighteen million Special Drawing Rights (SDR 18,000,000).

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 described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special account in a commercial bank in the name of the Project Unit on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 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 per cent (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 semi-annually on February 1 and August 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 semi-annual installments payable on each February 1 and August 1, commencing February 1, 2000 and ending August 1, 2029. Each

installment to and including the installment payable on August 1, 2009 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.

Section 2.09. The Project Director of the Project Unit is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V 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, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall: (i) carry out Parts A, B, C, D.8, D.9 and F of the Project; (ii) carry out Parts D.5 and D.7 of the Project through ONEA; (iii) carry out all training activities under the Project through the Project Unit; (iv) cause Kadiogo and Bobo-Dioulasso to perform, under the overall coordination of the Project Unit and in accordance with the respective provisions of the Kadiogo Project Agreement and the Bobo-Dioulasso Project Agreement, all the respective obligations of Kadiogo and Bobo-Dioulasso set forth in said Agreements; (v) take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable Kadiogo and Bobo-Dioulasso to perform such obligations; and (vi) not take or permit to be taken any action which would prevent or interfere with such performance.

Section 3.02. (a) The Borrower shall relend the proceeds of the Credit: (i) allocated to Categories 2 and 4 (a) in the table in Schedule 1 to this Agreement to Kadiogo under a subsidiary loan agreement to be entered into between the Borrower and Kadiogo; and (ii) allocated to Categories 3 and 4 (b) in the table in Schedule 1 to this Agreement to Bobo-Dioulasso under a subsidiary loan agreement to be entered into between the Borrower and Bobo-Dioulasso.

(b) The terms and conditions of the Kadiogo Subsidiary Loan Agreement and the Bobo-Dioulasso Subsidiary Loan Agreement shall have been approved by the Association and shall include, inter alia,: (i) repayment of principal in forty years including a ten year grace period; and (ii) repayment in semi-annual installments of 1% of the principal amount from the eleventh to the twentieth year and 2% thereafter.

Section 3.03. During execution of the Project, the Borrower shall maintain within its Ministry of Finance a Project Unit, adequately staffed, to assure the

administrative and financial coordination of the Project, including but not limited to: (a) the procurement of goods, works and consultants' services for the Project;

(b) management of all contracts and activities under the Project with the exception of civil works contracts; and

(c) accounting, monitoring of disbursements and preparation of reports on the progress of the Project.

Section 3.04. In order to carry out Part A.4 of the Project, the Borrower shall take the following measures within the time periods specified, counting from the effective date of this Agreement:

(a) within 22 months, carry out a study of the Borrower's municipal policies and resources;

(b) within 24 months, discuss with the Association said study's recommendations for reform of said policies and a timetable for their implementation;

(c) within 36 months, take all measures necessary to carry out the recommendations so agreed upon between the Borrower and the Association, in accordance with the agreed timetable;

(d) within 46 months, carry out a study on the municipal needs in areas of additional financing, public domain, the accounting system, the investment planning system, municipal organization and functions and inter-municipal cooperation;

(e) within 48 months, discuss with the Association said study's recommendations for reform of municipal policies and a timetable for their implementation; and

(f) within 60 months, take all measures necessary to carry out the recommendations so agreed upon between the Borrower and the Association, in accordance with the agreed timetable.

Section 3.05. In order to carry out Part B.2 of the Project, the Borrower shall: (a) not later than six months after the effective date of this Agreement, finalize a study of its business tax collection system;

(b) not later than eight months after the effective date of this Agreement, discuss with the Association the recommendations of said study; and

(c) promptly thereafter, take all measures necessary to increase business tax revenues for Kadiogo and Bobo-Dioulasso in order to increase revenues by at least 30% over their level at 1985 and to reach a recovery rate of at least 75%, not later than 48 months after the effective date of this Agreement.

Section 3.06. In order to carry out Part F of the Project, the Borrower shall adhere to its Housing Policy.

Section 3.07. The Borrower shall, not later than June 30, 1990 and thereafter not later than June 30 of each year the Project is carried out, review jointly with the Association the progress achieved in carrying out:

(a) the municipal reforms referred to in Section 3.04 of this Agreement;

(b) the tax reforms referred to in Section 3.05 of this Agreement; and

(c) the Borrower's Housing Policy.

Section 3.08. The Borrower shall, not later than two years after the effective date of this Agreement, define and classify its roads and undertake to maintain national road sections within boundaries of Ouagadougou and Bobo-Dioulasso.

Section 3.09. 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 shall be governed by Schedule 3 to this Agreement.

Section 3.10. The Borrower and the Association hereby agree that the obligations set forth in Section 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) shall be carried out by the Project Unit, assisted, as the case may be, by Kadiogo in respect of Parts of the Project carried out in Ouagadougou or for Kadiogo pursuant to Section 2.03 of the Kadiogo Project Agreement, and by Bobo-Dioulasso in respect of Parts of the Project carried out in or for Bobo-Dioulasso, pursuant to Section 2.03 of the Bobo-Dioulasso Project Agreement.

ARTICLE IV

Financial and 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 the Project of the departments or agencies of the Borrower responsible for carrying out Parts A, B, C, D.5, D.7, D.8, D.9 and F of the Project.

(b) The Borrower shall: (i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account and the Project Accounts 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 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 such 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 were made on the basis of statements of expenditure, the Borrower shall:

(a) of this (i) maintain or cause to be maintained, in accordance with paragraph Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; 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.

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) Kadiogo or Bobo-Dioulasso shall have failed to perform any of its obligations under the Kadiogo Project Agreement or the Bobo-Dioulasso Project Agreement respectively.

(b) 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 Kadiogo or Bobo-Dioulasso will be able to perform its obligations under the Kadiogo Project Agreement or the Bobo-Dioulasso Project Agreement, respectively.

(c) Kiti No. AN-VI-0315/FP/MAT or No. AN-VI-0316/FP/MAT of July 6, 1989 of the Borrower shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of Kadiogo or Bobo-Dioulasso to perform any of its obligations under the Kadiogo Project Agreement or the Bobo-Dioulasso Project Agreement, respectively.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of Kadiogo or Bobo-Dioulasso or for the suspension of its operations.

(e) The Cahiers des Charges, dated October 11, 1989, as subsequently amended in each case by a Rectificatif to the Cahier des Charges, dated November 24, 1989, between ONASENE on one side and Kadiogo and Bobo-Dioulasso on the other side, respectively shall have been amended, suspended, abrogated, repealed or waived without prior approval of the Association.

(f) The Borrower or any other authority having jurisdiction shall have taken any action which shall make it improbable that the Housing Policy shall be carried out.

(g) The Italian Grant Agreement shall have failed to become effective by June 30, 1990, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that 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.

(h) (i) Subject to subparagraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of the Italian 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 Italian Grant Agreement.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that (A) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its obligations under such agreement, and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

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

(a) the events specified in paragraphs (a), (b) and (e) of Section 5.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Borrower; and

(b) any events specified in paragraphs (c), (d) and (f) 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 Kadiogo Subsidiary Loan Agreement has been executed on behalf of the Borrower and Kadiogo;

(b) the Bobo-Dioulasso Subsidiary Loan Agreement has been executed on behalf of the Borrower and Bobo-Dioulasso; and

(c) the Borrower has taken all necessary legal and administrative action for the establishment of three Hotels des Finances in Ouagadougou and two in Bobo-Dioulasso.

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

(a) the Kadiogo Project Agreement has been duly authorized or ratified by Kadiogo, and is legally binding upon Kadiogo in accordance with its terms; and

(b) the Bobo-Dioulasso Project Agreement has been duly authorized or ratified by Bobo-Dioulasso, and is legally binding upon Bobo-Dioulasso 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. Except as provided in Section 2.09 of this Agreement, the Minister of 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:

Ministry of Planning and Cooperation
03 BP 7050
Ouagadougou 03
Burkina Faso

Telex:

5555 SEGEGOUV

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 2033
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.

BURKINA FASO

By /s/ Paul-Desire Kabore

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox

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) Civil works for national roads	1,200,000	(a) 100% up to an aggregate amount of SDR 470,000; (b) 80% up to an aggregate amount of SDR 870,000; (c) 50% up to an aggregate amount of SDR 1,090,000; and (d) 20% up to an aggregate amount of SDR 1,200,000
(2) Routine road maintenance and drainage cleaning in Ouagadougou	530,000	(a) 100% up to an aggregate amount of SDR 225,000; (b) 80% up to an aggregate amount of SDR 310,000; (c) 50% up to an aggregate amount of SDR 390,000; and (d) 20% up to an aggregate amount of SDR 530,000
(3) Routine road maintenance and drainage cleaning in Bobo-Dioulasso	370,000	(a) 100% up to an aggregate amount of SDR 175,000; (b) 80% up to an aggregate amount of SDR 260,000; (c) 50% up to an aggregate amount of SDR 340,000; and (d) 20% up to an aggregate amount

			of SDR 370,000
(4)	Construction of buildings, reconstruction and scheduled maintenance of infrastructure, materials, equipment and supplies		100%
	(a) Ouagadougou	6,100,000	
	(b) Bobo-Dioulasso	3,200,000	
(5)	Public works and equipment for Hotels des Finances and Colma drainage network	1,900,000	100%
(6)	Consultants' services and training	1,300,000	100%
(7)	Operating expenses for Project Unit	200,000	100%
(8)	Refunding of Project Preparation Advance	400,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(9)	Unallocated	2,800,000	
		<hr/>	
	TOTAL	18,000,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures prior to the date of this Agreement;

(b) in respect of Categories (2) (b), (2) (c) and (2) (d), respectively, unless Kadiogo is current in its obligations under Section 2.02 of the Kadiogo Project Agreement and the Association is satisfied with the level of funding of road construction and maintenance, and solid waste management in Kadiogo's budget for the current year and the actual level of expenditures for these items in the previous year; and

(c) in respect of Categories (3) (b), (3) (c) and (3) (d), respectively, unless Bobo-Dioulasso is current in its obligations under Section 2.02 of the Bobo-Dioulasso Project Agreement and the Association is satisfied with the level of funding of road construction and maintenance, and solid waste management in Bobo-Dioulasso's budget for the current year and the actual level of expenditures for these items in the previous year.

SCHEDULE 2

Description of the Project

The objectives of the Project are to develop Kadiogo's and Bobo-Dioulasso's organizational, technical and financial capacity to manage rapid urban growth and to

upgrade and maintain their infrastructure.

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: Municipal Management and Reform in Ouagadougou and Bobo-Dioulasso

1. Revision of municipal accounting methods and preparation of an accounting manual for municipal personnel.
2. Computerization of the municipal accounting systems.
3. Completion of municipal financial accounts for the years 1986-1989.
4. Municipal sector study in order to delineate municipal responsibilities, reorganize municipal departments and streamline their operations.

Part B: Financial Resource Mobilization

1. Rehabilitation or construction of office space for five Hotels des Finances, three in Ouagadougou and two in Bobo-Dioulasso; provision of supplies and equipment to said Hotels and training of their personnel.
2. Increase of municipal revenues through reform of the Borrower's business tax system.

Part C: Urban Information System for Ouagadougou and Bobo-Dioulasso

1. Preparation of a system of street names for lots and installation of street signs.
2. Establishment of a computerized land use data base; provision of supplies, equipment and training to municipal personnel working with said base.
3. Registration of ownership of about 40,000 newly occupied lots in Ouagadougou and collection of fees on said lots.

Part D: Public Works Departments and Rehabilitation of Infrastructure in Ouagadougou and Bobo-Dioulasso

1. Rehabilitation and repair of existing equipment and buildings of public works departments, provision of new equipment and tools and construction of buildings.
2. Training of personnel in technical departments in improved work programming and management procedures.
3. Routine and scheduled maintenance of municipal roads and drainage works.
4. Rehabilitation of infrastructure in poor condition.
5. Reconstruction of the Zogona gully in Ouagadougou and of the Colma drainage network in Bobo-Dioulasso.
6. Detailed engineering and supervision of civil works.
7. Preparation of a comprehensive sewerage and drainage master plan for Ouagadougou.
8. Routine and scheduled maintenance of national road sections within the boundaries of Ouagadougou and Bobo-Dioulasso.
9. Implementation of the definition and classification of the Borrower's roads.

Part E: Solid Waste Management

1. Repair of existing garbage collection equipment and provision of new equipment.

2. Establishment of four waste disposal sites, two in Ouagadougou and two in Bobo-Dioulasso.

Part F: Housing

Reform of the Borrower's housing policy.

* * *

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 equipment shall be grouped in bid packages estimated to cost the equivalent of \$200,000 or more each.

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 Burkina Faso 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, Kadiogo or Bobo-Dioulasso 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. Contracts for goods, estimated to cost between the equivalents of \$25,000 and \$200,000, up to an aggregate amount not to exceed the equivalent of \$1,000,000, may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Contracts for goods, estimated to cost less than the equivalent of \$25,000 up to an aggregate amount not to exceed the equivalent of \$300,000, may be awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers, either Burkinabe or from other countries eligible under the Guidelines, in accordance with procedures acceptable to the Association.

3. Contracts for civil works, estimated to cost less than the equivalent of \$200,000 up to an aggregate amount not to exceed the equivalent of \$3,600,000, may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

4. Routine road maintenance estimated to cost up to an aggregate amount equivalent to \$3,000,000 may be carried out through force account.

Part E: Review by the Association of Procurement Decisions

1. (a) With respect to the first three contracts, regardless of their size, and thereafter each contract estimated to cost the equivalent of \$200,000 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 the 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 the 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 the 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 4 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 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 10% 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 all training activities and Parts A, B, C, D.5, D.7, D.8, D.9 and F of 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

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1 through 7 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 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 300,000,000 to be withdrawn from the Credit 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 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 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 under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association (A) provide such additional evidence as the Association may request, or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

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

SCHEDULE 5

Housing Policy

1. The Borrower shall implement a new urban housing policy, based on the following main points:

(a) the internal financial viability of new housing construction projects undertaken by the Borrower or any entity under its control shall be assured;

(b) in committing its financial and technical resources to housing, the Borrower shall give priority to the financing of equipping and developing of serviced plots for the financially least favored part of its population;

(c) the Borrower shall encourage construction of housing through private initiative (autoconstruction);

(d) the Borrower shall support the development of financing mechanisms for housing, and of institutions that contribute to improving the efficiency of household savings and their investment in construction of owner-occupied or rental housing; and

(e) the Borrower shall progressively introduce measures to reduce the deficit produced by existing housing projects that it has constructed.

2. In order to improve management of public expenditures for housing and to implement a housing policy in accordance with social priorities, the Borrower shall take the following steps:

2.1 Financial viability of new projects.

The Borrower and the Association shall carry out a comprehensive financial analysis of each new housing construction project, prior to the start of such project. To this end, the Borrower shall prepare a file which shall include the following information:

(a) description of the project, by category of housing;

(b) estimated amount of investment and maintenance costs;

(c) status and terms of available financing, together with details on budgetary allocations or availability of loans;

(d) description of the *matre d'ouvrage* and the management of the project;

(e) structure of monthly rental or sales installments, by category of housing; and

(f) description of possible tenants or buyers, categorized by their financial means.

2.2 Support for the development of serviced plots

The Borrower shall:

(a) give priority to the establishment of systems under which plots are listed, categorized and described; it will improve the collection of allotment fees;

(b) give technical and financial support to put in place priority infrastructure, such as basic roads and water supply, in recently or newly subdivided areas; and

(c) coordinate the *maitrise d'ouvrage* and implementation of construction on the basis of priority programs.

2.3 Establishment of new mechanisms to finance housing

The Borrower shall continue its study of:

(a) mechanisms likely to develop domestic savings that might be made available for housing;

(b) the feasibility of a new institution which would make loans to households for the construction of owner-occupied or rental housing; and

(c) the conditions under which the banking system could participate in creating such an institution.

2.4 Support to legal framework for rental housing

At the conclusion of its study of the financing of the housing sector, the Borrower shall formulate proposals to encourage the construction of rental housing by households and to create a favorable fiscal, regulatory and technical climate for the development of rental housing.

2.5 Legal, technical and financial restructuring of existing housing projects undertaken by the Borrower

The Borrower shall:

(a) regroup and reorganize the management of such projects and produce a management account forecast including: the financial charges resulting from the original loans for these projects, a statement of all public support from their inception to their completion, and a realistic evaluation of the administrative and maintenance cost of the buildings; and

(b) put in place a framework under which property can be sold and transferred immediately to potential final owners.

