

CONFORMED COPY

CREDIT NUMBER 2637 IVC

Development Credit Agreement  
(Labor Force Training Support Project)

between

THE REPUBLIC OF COTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 12, 1994

CREDIT NUMBER 2637 IVC

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 12, 1994, between THE REPUBLIC OF COTE D'IVOIRE (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 Association has received a letter dated October 30, 1991, from the Borrower describing in particular a program of actions, objectives and policies designed to implement the Borrower's strategy in the subsector of continuing vocational training (hereafter called the Program), and declaring the Borrower's commitment to the execution of the Program;

(C) the Borrower intends to enter with the International Labour Organization (ILO) into an agreement (the ILO Agreement) to assist the Borrower in the execution of the Project on the terms and conditions set forth in the ILO Agreement;

(D) Parts A and B of the Project will be carried out by the Fonds de Developpement de la Formation Professionnelle (FDFP) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to FDFP a portion 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 and in the Project Agreement of even date herewith between the Association and FDFP;

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) "AGEPE" means Agence d'Etudes et de Promotion de l'Emploi, an Etablissement Public a caractere industriel et commercial, established by the Borrower's decree 93-221 of February 3, 1993;
- (b) "CFA Francs" or "CFAF" means the currency of the Borrower;
- (c) "FDFP" means Fonds de Developpement de la Formation Professionnelle, established by the Borrower's law 91-997 of December 27, 1991;
- (d) "IAPSO" means the Inter-Agency Procurement Service Office of the UNDP (United Nations Development Programme);
- (e) "Project Agreement" means the agreement between the Association and the FDFP, 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 Project Agreement;
- (f) "Financing Agreement" means the agreement to be entered into between the Borrower and FDFP pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Financing Agreement.
- (g) "L'Observatoire de l'Emploi" means Observatoire de l'Emploi, an administrative service of AGEPE, responsible for the monitoring of the labor market.
- (h) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated April 13, 1994 and May 3, 1994 between the Borrower and the Association; and
- (i) "Special Account" means any of the special deposit accounts 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 twelve million one hundred thousand Special Drawing Rights (SDR 12,100,000).

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

(b) The Borrower shall, for the purposes of Parts A and B of the Project and for the purposes of Part C of the Project, open and maintain in CFA Francs two special deposit accounts (hereinafter referred to as Special Account A and B, respectively) in the Borrower's Caisse Autonome d'Amortissement 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 February 28, 1999 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 or 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 payment date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on May 15 and November 15 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 November 15 and May 15 commencing November 15, 2004 and ending May 15, 2034. Each installment to and including the installment payable on May 15, 2014 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. (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 carry out Part C of the Project through AGEPE with due diligence and efficiency and in conformity with appropriate administrative, financial and training practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for such Part of the Project; and

(ii) without limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall cause FDFP 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 FDFP to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make part of the proceeds of the Credit available to FDFP under a financing agreement to be entered into between the Borrower and FDFP, under terms and conditions which shall have been approved by the Association.

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

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

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

Section 3.04. The Borrower shall monitor the implementation of Part C of the Project through AGEPE and shall:

(i) submit, or cause AGEPE to submit, to the Association at the end of each quarter of the calendar year a progress report on the implementation of the Project in a format approved by the Association;

(ii) organize and carry out, or cause AGEPE to do so, not later than January 31 of each calendar year, a joint review meeting for the Borrower and the Association. The quarterly progress reports shall provide the basic inputs for these meetings. In addition, at each annual review meeting, the Borrower shall

present a work program and budget for the implementation of the Project during the coming fiscal year, to the Borrower and the Association for approval; and

(iii) implement such work program for the fiscal year in question.

Section 3.05. (a) The Borrower and the Association shall carry out a midterm review of the Project in the second year following the Effective Date, or at any other time as agreed between the Borrower and the Association. At least sixty (60) days prior to such review, the Borrower shall prepare and submit to the Association all necessary documentation for the evaluation of the Project. The terms of reference of this review shall be acceptable to the Association and shall include an assessment of, inter alia: (i) progress made in achieving key Project objectives; (ii) the need to adjust Project design in the light of the implementation experience; (iii) the performance of FDFP and AGEPE; and (iv) the performance of the technical assistance. In addition, as part of the review, the Borrower shall prepare a program of actions, satisfactory to the Association, to deal with deficiencies in Project implementation identified during the review.

(b) Promptly after the review mentioned in paragraph (a) above, the Borrower shall take, or shall cause to be taken, all necessary action required for the implementation of the program of actions referred to in paragraph (a) above.

Section 3.06. The Borrower shall submit to the Association for its prior approval any proposal to modify FDFP's tripartite management system during the Project's implementation.

Section 3.07. The Borrower shall make available to FDFP the proceeds of the CVT and Apprenticeship taxes (Taxe Additionnelle a la Formation Professionnelle Continue; Taxe d'Apprentissage) until the completion of the Project.

Section 3.08. The Borrower shall employ, and cause FDFP to employ, independent auditors for the auditing of AGEPE's and FDFP's respective accounts in accordance with the terms of this Agreement throughout the implementation of the Project.

#### 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 Part C of the Project of the departments or agencies (including AGEPE) of the Borrower responsible for carrying out Part C 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 Accounts A and B for each fiscal year (and semiannually for all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure) audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than four months after the end of each such year (or each semiannual period for statements of expenditure), 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 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 or payment out of the Special Accounts A and B 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) FDFP 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 Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that FDFP will be able to perform its obligations under the Project Agreement.

(c) Any of the following shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of FDFP to perform any of its obligations under the Project Agreement:

- (i) the Borrower's law 91-997 of December 27, 1991, creating FDFP;
- (ii) the Borrower's decree 92-05 of January 8, 1992, as amended, detailing the organization and operation of FDFP; and
- (iii) the Borrower's decree 92-927 of December 23, 1992 on the financing of continuous vocational training.

(d) FDFP's operations manual, referred to in Section 6.01 (e) of this Agreement, as adopted by the Management Committee of FDFP and accepted by the Association, has been amended, modified or suspended so as to affect materially and adversely the ability of FDFP to perform any of its obligations under the Project Agreement.

(e) The Borrower's decree 93-221 of February 3, 1993 creating AGEPE has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of AGEPE to perform any of its obligations under this Agreement.

(f) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of FDFP or AGEPE, or for the suspension of their operations.

(g) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

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

(a) any event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower; and

(b) any event specified in paragraphs (c), (d), (e) 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) an outreach and promotion service shall have been established in FDFP by decree of the Borrower;

(b) qualified staff in adequate numbers shall have been assigned to FDFP's outreach and promotion service to operate such service;

(c) the Borrower shall have transmitted the activity program and a set of performance criteria for the FDFP's outreach and promotion service;

(d) a contract or contracts shall have been signed by FDFP and AGEPE with independent auditors for the auditing of FDFP's and AGEPE's accounts in accordance with the terms of this Agreement;

(e) an operations manual ensuring the implementation of Parts A and B of the Project in accordance with the terms of this Agreement and the Project Agreement and acceptable to the Association shall have been adopted by FDFP's Management Committee;

(f) the Association shall have received an opinion satisfactory to the Association of auditors acceptable to the Association, confirming that FDFP is and will not be liable for any past, present or future liabilities incurred by any of the Borrower's agencies involved or previously involved in vocational training and in particular the Office National de la Formation Professionnelle and Fonds National de Regulation;

(g) the Association shall have received FDFP's audit report for the fiscal year 1993;

(h) the Financing Agreement has been executed on behalf of the Borrower and FDFP; and

(i) the Borrower has assigned qualified staff in adequate numbers to the Observatoire de l'Emploi of AGEPE.

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) That the Project Agreement has been duly authorized or executed by FDFP and is legally binding upon FDFP in accordance with its terms; and

(b) that the Financing Agreement has been duly authorized or executed by the Borrower and FDFP and is legally binding upon the Borrower and FDFP in accordance with its terms.

Section 6.03. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for finance 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 Economy, Finance and Planning  
B.P. V 125  
Abidjan  
Republic of Cote d'Ivoire

Cable address:

MINFIN  
Abidjan

Telex:

23747 MINFIN

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:

248423 (RCA)  
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 REPUBLIC OF COTE D'IVOIRE

By /s/ Moise Koumoue Koffi

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:

Amount of the Credit Allocated	% of
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Category	(Expressed in SDR Equivalent)	Expenditures to be Financed
(1) Civil Works under Part C of the Project	50,000	85%
(2) Equipment and Furniture:		
(a) Under Parts A and B of the Project	20,000	100%
(b) Under Part C of the Project	250,000	100%
(3) Vehicles:		
(a) Under Parts A and B of the Project	30,000	100%
(b) Under Part C of the Project	40,000	100%
(4) Consultants' Services:		
(a) Under Parts A and B of the Project	220,000	100%
(b) Under Part C of the project	800,000	100%
(5) Training:		
(a) Labor Force Training under Part A of the Project	9,240,000	90%
(b) Staff Training under Parts A and B of the Project	70,000	100%
(c) Staff Training under Part C of the Project	100,000	100%
(6) Incremental Staff Salary under Parts A and B of the Project	440,000	100%
(7) Other Operating Costs:		
(a) Under Parts A and B of the Project	240,000	70%
(b) Under Part C of the Project	90,000	70%
(8) Refunding of Project Prepara-	150,000	Amounts due pur- suant to Section

tion Advance

2.02 (c) of this  
Agreement

(9) Unallocated	360,000
TOTAL	12,100,000 =====

2. For the purposes of this Schedule:

(a) the term "Operating Costs" means incremental recurrent costs incurred by FDFP and AGEPE, respectively, for Project implementation, including vehicle operation and maintenance, equipment maintenance and repairs, and office supplies; and

(b) the term "Incremental Staff Salary" means the expenditures incurred for the payment of salaries net of taxes incurred for additional staff appointed for the duration of the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for goods, works, and services not exceeding \$25,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

#### SCHEDULE 2

##### Description of the Project

The objectives of the Project are the enhancement of the Borrower's labor force productivity and mobility and its capacity to monitor and analyze labor market conditions.

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: Training, Retraining and Apprenticeship Programs

1. Strengthening of FDFP's institutional capacity to assess training program proposals and to supervise and manage training programs, through the training of its staff and the acquisition of equipment, furniture and vehicles.

2. Support to the implementation of training and apprenticeship programs with a particular emphasis on neglected groups such as women, employees of small enterprises and the informal sector, as well as the unemployed.

##### Part B: Training Outreach

1. Strengthening of FDFP's institutional capacity to promote training activities through the training of its staff and the acquisition of equipment, furniture and vehicles.

2. Organization and implementation of an outreach program to inform the public in general, and, in particular, potential beneficiaries as well as other entities involved in the implementation of training programs, of the training and apprenticeship programs to be financed under Part A of the Project.

##### Part C: Labor Market Monitoring and Analysis

(a) Institutional strengthening of AGEPE through the training of its staff, office rehabilitation and the acquisition of equipment, furniture and vehicles.

(b) Review, gathering and processing of labor market information available from various sources.

(c) Promotion of increased coverage and representativity of surveys, improvement of questionnaires and other survey instruments, and improvement of data quality.

(d) Definition of a basic set of statistics to reflect the labor market evaluation.

(e) Carrying out of a program of specific surveys and studies.

(f) Regular and timely production and dissemination of short-term and medium-term statistics to allow for the monitoring on quarterly, semiannual and annual bases, of changes in employment, labor costs, productivity, and skills requirements.

\* \* \*

The Project is expected to be completed by August 31, 1998.

### SCHEDULE 3

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

###### 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 Association, 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 Association 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 Association.

###### Part B: Other Procurement Procedures

1. Civil works up to an aggregate amount not to exceed the equivalent of \$80,000 may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Equipment, up to an aggregate amount not to exceed the equivalent of \$300,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers from at least three different countries eligible under the Guidelines, in accordance with procedures acceptable to the Association.

3. Equipment estimated to cost less than the equivalent of \$20,000 per contract, up to an aggregate amount not to exceed the equivalent of \$40,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

4. Vehicles estimated to cost less than the equivalent of \$30,000 per contract, up to an aggregate amount not to exceed the equivalent of \$120,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from at

least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association or under contracts entered into with IAPSO.

5. Software, spare parts and accessories of proprietary nature, estimated to cost less than the equivalent of \$5,000 per contract, up to an aggregate amount not to exceed the equivalent of \$20,000, may be procured under direct contracting in accordance with procedures acceptable to the Association.

6. Goods such as furniture and materials available locally, up to an aggregate amount not to exceed the equivalent of \$40,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

Part C: Review by the Association of Procurement Decisions

(a) Review of invitations to bid and of proposed awards and final contracts:

(b) With respect to each contract estimated to cost the equivalent of \$50,000 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.

(c) 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.

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

(e) The figure of 15% 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 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 (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 Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, shortlists, 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 \$100,000 equivalent each, or (b) contracts for the employment of individuals estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Association 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 Association, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent

or above.

#### SCHEDULE 4

##### Special Account

1. For the purposes of this Schedule:

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

(i) Categories 2(a), 3(a), 4(a), 5(a), 5(b), 6 and 7(a) for Special Account A; and

(ii) Categories 1, 2(b), 3(b), 4(b), 5(c) and 7(b) for 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 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: (i) for Special Account A an amount equivalent to \$500,000 to be withdrawn from the Credit Account and deposited into Special Account A; and (ii) for Special Account B an amount equivalent to \$100,000 to be withdrawn from the Credit Account and deposited into Special Account B. All deposits into any Special Account shall be in accordance with paragraph 3 (a) of this Schedule.

2. Payments out of any Special Account shall be made exclusively for eligible expenditures from the eligible Categories corresponding to such Special Account in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that any Special Account has been duly opened, withdrawals of the Authorized Allocation corresponding to that Special Account 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 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 corresponding Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of any Special Account, the Borrower shall furnish to the Association requests for deposits into such 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 corresponding 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 from eligible Categories corresponding to that Special Account.

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 any 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 from eligible Categories corresponding to such Special Account.

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

(a) if, at any time, the Association shall have determined that all further withdrawals from the eligible Categories corresponding to such Special Account 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 corresponding to such Special Account, 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 eligible expenditures under eligible Categories corresponding to such Special Account, shall equal the equivalent of twice the amount of the corresponding Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories corresponding to such Special Account 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 such Special Account as of the date of such notice will be utilized in making payments for eligible expenditures from eligible Categories corresponding to such Special Account.

6. (a) If the Association shall have determined at any time that any payment out of any 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 Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into such 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 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 Association shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for eligible expenditures from eligible Categories corresponding to such Special Account, 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 any 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.

