

CONFORMED COPY

CREDIT NUMBER 2332 BUR

(Transport Sector Adjustment/Investment Credit)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 18, 1992

CREDIT NUMBER 2332 BUR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated February 18, 1992, between BURKINA FASO (the "Borrower") and INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association").

WHEREAS: (A) the Association has received a letter, dated October 22, 1991, from the Borrower describing a program of policies, goals and actions designed to achieve an adjustment of the Borrower's transport sector (the "Program") and declaring the Borrower's commitment to the execution of the Program;

(B) the Borrower, having committed itself to the execution of the Program and, as part of the Program, having undertaken to carry out the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project and of urgently needed imports required during the execution of the Program;

(C) the Borrower intends to seek additional funds from other donors to assist in financing part of the Project; 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) "Air Burkina" means the company registered under that name and established under the laws of the Borrower;
- (b) "ASECNA" means Agence pour la Securite de la Navigation Aerienne en Afrique; and "ASECNA-Burkina" refers to the agency responsible for operations carried out within the Borrower's territory, pursuant to Article 10 of the Convention de Dakar, dated October 25, 1974;
- (c) "BCEAO" means Banque Centrale des Etats de l'Afrique de l'Ouest;
- (d) "CFAF" or "CFA Franc" means the currency of the Borrower;
- (e) "CFPE" means the Centre de Formation Professionnelle de l'Equipement of METC;
- (f) "DEP" means the Direction des Etudes et de la Planification of METC;
- (g) "DGTP" means the Direction Generale des Travaux Publics of METC;
- (h) "DTTM" means the Direction des Transports Terrestres et Maritimes of METC;
- (i) "METC" means the Ministcre de l'Equipement, des Transports et des Communications of the Borrower;
- (j) "NAGANAGANI" means the company registered under that name, and established and existing under the laws of the Borrower;
- (k) "PCU" means the Project Coordination Unit established within METC under the Project;
- (l) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to a first exchange of letters, dated April 13 and May 13, 1988, and to a further exchange of letters, dated April 29 and June 4, 1991, between the Borrower and the Association;
- (m) "Regie X9" means Regie Nationale des Transports en Commun X9, a company established and existing under the laws of the Borrower;
- (n) "SCFB" means Societe des Chemins de Fer du Burkina, a company established and existing under the laws of the Borrower;
- (o) "Special Account" means any of the accounts referred to in Sections 2.02 (b) and (c) 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 forty-nine million six hundred thousand Special Drawing Rights (SDR 49,600,000).

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: (i) for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit; and (ii) during the execution of the Program and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of Categories (1) to (5) of the table in paragraph 1 of Schedule 1 to this Agreement, open and maintain in CFAF a special deposit account (hereinafter referred to as "Special Account A") in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment.

(c) The Borrower shall, for the purposes of Category (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, open and maintain in CFAF a special deposit account (hereinafter referred to as "Special Account B") in BCEAO on terms and conditions satisfactory to the Association.

(d) Deposits into, and payments out of, any of the Special Accounts shall be made in accordance with the provisions of Schedule 4 to this Agreement.

(e) 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 December 31, 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 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 1 and November 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

May 1 and November 1, commencing May 1, 2002 and ending November 1, 2031. Each installment to and including the installment payable on November 1, 2011 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. In respect of Category (6) of the table set forth in paragraph 1 of Schedule 1 to this Agreement:

(a) The Directeur National of BCEAO is designated as representative of the Borrower for the purpose 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; and

(b) without limitation or restriction to the foregoing, the Borrower hereby entrusts BCEAO with responsibility for the preparation of withdrawal applications and for the collection of the documents and other evidence to be furnished to the Association in support of such applications; such withdrawal applications shall, to the extent practicable, be consolidated so as to apply for withdrawal of aggregate amounts of not less than \$300,000 equivalent.

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 METC and SCFB, and under the coordination of the PCU, with due diligence and efficiency and in conformity with appropriate administrative, engineering and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. (a) The Borrower and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 5 to this Agreement.

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

Section 3.03. Except as the Association shall otherwise agree, procurement of the goods to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.04. The Borrower shall ensure that:

(a) with effect from January 1, 1992, not less than 60% of the Borrower's road sector expenditure budget shall be earmarked for road rehabilitation and maintenance; and

(b) within that part of the budget so earmarked for rehabilitation and maintenance, adequate allocations shall be made, with effect from January 1, 1992, to cover the full cost of appropriate routine maintenance of the priority network.

Section 3.05. The Borrower shall:

(a) not later than January 1, 1992, establish procedures, acceptable to the Association, for the supervision of routine and periodic maintenance road works;

(b) not later than July 1, 1992, establish an equipment rental company to assume the functions of the Directorate of Equipment of DGTP; and

(c) not later than October 1, 1992 restructure CFPE, in such a way as to enable it to respond more effectively to the increased needs for training, particularly within the private sector.

Section 3.06. The Borrower shall:

(a) have a satisfactory audit of the accounts of ASECNA-Burkina for the period 1986-90 undertaken and completed, not later than March 31, 1992; and

(b) not later than June 30, 1992, submit an action plan, acceptable to the Association, and designed to bring about a reduction of the wagebill of SCFB to a level compatible with its estimated medium term revenue levels.

Section 3.07. The Borrower shall submit to the Association:

(a) not later than September 30, 1992 and, thereafter, not later than September 30 of each subsequent year during which the Project is due to be executed, an annual work program, of such scope and in such detail as the Association shall reasonably request, giving details of all activities to be carried out under Part A of the Project during the fiscal year next following; and

(b) not later than March 31, 1993 and, thereafter, not later than March 31 of each subsequent year, up to and including March 31 immediately following completion of the Project, a report on the execution of the annual work program for the preceding fiscal year.

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 SCFB and 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 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 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 any of the Special Accounts 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 the said accounts and records shall be audited on a semiannual basis by said auditors, who shall prepare audit reports accordingly and furnish them to the Association, not later than three (3) months after the end of such semiannual audit period, along with an opinion as to whether the statements of expenditure 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

Other Covenants

Section 5.01. The Borrower shall cause SCFB:

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

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

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

ARTICLE VI

Remedies of the Association

Section 6.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

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

(b) the Borrower shall have failed to perform any of its obligations under any one of the contract-plans referred to under Parts A.6, A.7 and B.5 of Schedule 5 of this Agreement;

(c) Regie X9 or Air Burkina or SCFB, as the case may be, shall have failed to perform any of its obligations arising under the contract-plans referred to, respectively, under Parts A.6, A.7 and B.5 of Schedule 5 of this Agreement;

(d) as a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that Regie X9 or Air Burkina or SCFB, as the case may be, will be able to perform its obligations under the contract-plans referred to, respectively, under Parts A.6, A.7 and B.5 of Schedule 5 of this Agreement;

(e) any legislative or regulatory text concerning Regie X9 or Air Burkina or SCFB shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of Regie X9 or SCFB or Air Burkina, as the case may be, to perform any of its obligations under the contract-plans referred to, respectively, under Parts A.6, A.7 and B.5 of Schedule 5 of this Agreement;

(f) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of Regie X9 or SCFB or Air Burkina, or for the suspension of its operations.

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

(A) The right of the Borrower to withdraw the proceeds of any loan or grant made to the Borrower for the financing of the Project or of the imports required during execution of the Program shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms thereof, or

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

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

Section 6.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) any event specified in paragraphs (a), (b) and (c) of Section 6.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower;

(b) any event specified in paragraphs (e) and (f) of Section 6.01 of this Agreement shall occur; and

(c) any event specified in paragraph (g) (i) (B) of Section 6.01 of this Agreement shall occur, subject to the proviso of paragraph (g) (ii) of that Section.

ARTICLE VII

Effective Date; Termination

Section 7.01. 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 Association is satisfied with the progress achieved by the Borrower in carrying out the Program and that the macro-economic policy framework of the Borrower is consistent with the objectives of the Program.

(b) The auditors referred to in Section 4.01 of this Agreement have been selected, and an accounting and auditing system, which shall be satisfactory to the Association and adequate to satisfy the requirements of the said Section 4.01, has been duly established.

(c) The Borrower has adopted the arrcte establishing a new organigram, acceptable to the Association, for DGTP, and appointed the required number of higher level staff, having qualifications and experience satisfactory to the Association.

(d) The Borrower has adopted the decret formalizing exceptions to existing procurement and payment procedures, for small contracts for road maintenance works of a repetitive nature, with a view to ensuring timely execution of works and payment of contractors' and suppliers' bills within a period not exceeding 60 days from certification of satisfactory works execution.

Section 7.02. 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.

ARTICLE VIII

Representatives of the Borrower; Addresses

Section 8.01. Except as provided in Section 2.09 of this Agreement, the Minister of the Borrower at the time responsible for planning is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministcre du Plan
B.P.7050
Ouagadougou
Burkina Faso

Telex:

5555 SEGEGOUV

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.

BURKINA FASO

By /s/ Paul Desire Kabore

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Katherine Marshall

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works:		100%
(a) for Part A.1 (a) of the Project	3,530,000	
(b) for Part A.1 (c) and (e) of the Project	9,530,000	
(c) for Part E.1 of the Project	150,000	
(2) Equipment for Parts C.2 (b) and (c) of the Project	80,000	100%
(3) Materials:		100%
(a) for Part C.1 (c) of the Project	80,000	
(b) for Part C.2 (a) of the Project	380,000	
(4) Consultants' services, studies and training:		100%
(a) for Parts A.2 and A.3 of the Project	5,550,000	
(b) for Part B of the Project	380,000	
(c) for Parts C.1 (d) and (e) of	750,000	

	the Project		
(d)	for Part D of	1,800,000	the Project
(e)	for Part E.5 of the Project	100,000	
(5)	Operating costs	500,000	100%
(6)	Goods and services required during execution of the Program	22,510,000	100% of foreign expenditures
(7)	Refunding of Project Preparation Advance	1,130,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(8)	Unallocated	3,130,000	
	TOTAL	49,600,000 =====	

2. For the purposes of this Schedule:

(a) "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; provided however that, if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be foreign expenditures;

(b) "goods and services" means, in relation to Category (6) of the table in paragraph 1 above, any or all of the following items: fuels and lubricants; bituminous products and additives; cement and chalk; resins and hydraulic binders; materials for roadway seals; scaffolding materials; iron and steel bars for pre-stressed concrete; vehicles (cars, trucks and buses) and related spare parts; construction equipment and related spare parts; workshop equipment and related spare parts; construction and mechanical tools; signalling equipment; spare parts for railway equipment and rolling stock; spare parts and maintenance services for aircraft; computer hardware and software;

(c) "operating costs" means the incremental costs arising under the Project on account of salaries and travel allowances, and the purchase of two vehicles and office equipment, for the PCU.

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

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed SDR 4,500,000 may be made in respect of Category (6) of the table set forth in paragraph 1 of this Schedule on account of payments made for expenditures before that date but after the date falling four months prior to the date of this Agreement;

(b) under Categories (1) (a) and (1) (b) of paragraph 1 above, until procedures satisfactory to the Association for the supervision of road maintenance works and for their audit have been established; and

(c) under Categories (2) and (3) (b) of paragraph 1 above, until SCFB has: (i) attained a total traffic volume which is 30% higher than that reached during 1991; and (ii) entered into a contract for the transport by rail to port of the zinc ore concentrate produced by a proposed mine in the Perkoa district of the Borrower's territory.

4. (a) No withdrawal shall be made and no commitment shall be entered into to pay amounts to or on the order of the Borrower in respect of expenditures to be financed out of the proceeds of the Credit allocated to Category (6) of paragraph 1 above after, under said Category, the aggregate of the proceeds of the Credit withdrawn from the Credit Account and the total amount of such commitments shall have reached the equivalent of SDR 10,510,000 unless the Association shall be satisfied, after an exchange of views as described in Section 3.02 of this Agreement based on evidence satisfactory to the Association: (i) with the progress achieved by the Borrower in the carrying out of the Program; (ii) that the actions described in Part A of Schedule 5 to this Agreement have been taken; and (iii) that the macro-economic policy framework of the Borrower is consistent with the objectives of the Program.

(b) No further such withdrawals or commitment shall be made in respect of expenditures to be financed out of the proceeds of the Credit allocated to Category (6) of paragraph 1 above after, under said Category, the aggregate of the proceeds of the Credit withdrawn from the Credit Account and the total amount of such commitments shall have reached the equivalent of SDR 16,510,000 unless the Association shall be satisfied, after an exchange of views as described in Section 3.02 of this Agreement based on evidence satisfactory to the Association: (i) with the progress achieved by the Borrower in the carrying out of the Program; (ii) that the actions described in Part B of Schedule 5 to this Agreement have been taken; and (iii) that the macro-economic policy framework of the Borrower is consistent with the objectives of the Program.

5. If, after any of the exchanges of views described in paragraph 4 above, the Association shall have given notice to the Borrower that the progress achieved and actions taken are not satisfactory and, within 90 days after such notice, the Borrower shall not have achieved progress and taken actions satisfactory to the Association, then the Association may, by notice to the Borrower, cancel the unwithdrawn amount of the Credit allocated to Category (6) of paragraph 1 above or any part thereof.

SCHEDULE 2

Description of the Project

The objectives of the Project are to maintain and rehabilitate the Borrower's transport infrastructure and improve efficiency of sectoral operations.

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: Roads

1. Civil works, including: (a) construction of 367 km of paved roads; (b) reconstruction of 152 km of paved roads and of 860 km of gravel roads; (c) periodic maintenance of 386 km of paved roads, and of 2280 km of unpaved roads; (d) regravelling of 360 km of paved road shoulders; (e) rehabilitation of 2730 km of earth roads; and (f) routine maintenance of 8875 km of the priority network.

2. Road works supervision and studies.

3. Technical assistance in favor of DGTP, CFPE, and small- and medium-scale enterprises.

Part B: Road Passenger Transport

1. Restructuring of Regie X9.

2. Studies of urban traffic in Ouagadougou.

3. Feasibility studies for terminal facilities.

Part C: Railways

1. An emergency program for SCFB, including: (a) spare parts for the maintenance of

locomotives, freight and passenger cars; (b) rehabilitation of workshop facilities; (c) emergency track maintenance; (d) technical assistance to improve operating and accounting procedures; and (e) technical assistance to the agency for international freight handling established jointly with Societe Ivoirienne de Chemins de Fer.

2. A consolidation program for SCFB, including: (a) track maintenance; (b) signal and equipment maintenance; and (c) selective renewal of equipment.

Part D: Civil Aviation

1. Financial restructuring, business development, and formulation of a contract-plan for Air Burkina.

2. Staff training for Air Burkina.

3. Financial restructuring of NAGANAGANI.

4. Improving airport management in the Borrower's territory.

Part E: Institutional Support

1. Rehabilitation of DTTM's office facilities.

2. Equipment for DTTM and DEP.

3. Reinforcement of the capacity of DTTM and DEP.

4. Development of a road safety program.

5. Studies for introduction of trade facilitation measures.

6. Establishment of PCU.

* * *

The Project is expected to be completed by June 30, 1996.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works for Categories (1) to (5) of paragraph 1 of Schedule 1 to this Agreement

Part A: International Competitive Bidding

Except as provided in Part D 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 1985 (the "Guidelines").

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in the Borrower's territory 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 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. Civil works estimated to cost the equivalent of less than \$2,000,000 per contract and items which cannot be grouped or groups of items estimated to cost the equivalent of \$200,000 per contract, up to an aggregate amount for civil works and items equivalent to \$6,000,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Items or groups of items estimated to cost the equivalent of \$60,000 or less per contract, up to an aggregate amount equivalent to \$1,000,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the 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 for civil works and to each other contract estimated to cost the equivalent of \$300,000 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 Special Account A, 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 Special Account A 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 Special Account A, 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 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.

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

Section II. Procurement of goods for Category (6) of paragraph 1 of Schedule 1 to this Agreement

1. Contracts for the procurement of goods estimated to cost the equivalent of \$2,000,000 or more each shall be awarded through international competitive bidding in accordance with procedures consistent with those set forth in Sections I and II of the Guidelines, subject to the following modifications:

(a) Paragraph 2.8 of the Guidelines is deleted and the following is substituted therefor:

"2.8 Notification and Advertising

The international community should be notified in a timely manner of the opportunity to bid. This will be done by advertising invitations to apply for inclusion in a bidder's invitation list, to apply for prequalification, or to bid; such advertisements should be placed in at least one newspaper of general circulation in the Borrower's country and, in addition, in at least one of the following forms:

(i) a notice in the United Nations publication, Development Forum, Business Edition; or

of wide (ii) an advertisement in a newspaper, periodical or technical journal international circulation; or

(iii) a notice to local representatives of countries and territories referred to in the Guidelines, that are potential suppliers of the goods required."

(b) The following is added at the end of paragraph 2.21 of the Guidelines:

"As a further alternative, bidding documents may require the bidder to state the bid price in a single currency widely used in international trade and specified in the bidding documents."

(c) Paragraphs 2.55 and 2.56 of the Guidelines are deleted.

2. Contracts for the procurement of goods estimated to cost the equivalent of less than \$2,000,000 shall be awarded:

(a) by purchasers required to follow the Borrower's public procurement procedures for the importation of goods, on the basis of such procedures, provided that such procedures shall have been found acceptable by the Association;

(b) by other purchasers, in accordance with established commercial practice, provided that such contracts shall be awarded on the basis of evaluation and comparison of quotations obtained from suppliers from at least two countries, except that direct contracting procedures acceptable to the Association may be used where considered appropriate under paragraph 3.5 of the Guidelines; and

(c) by any purchasers, for the supply of commodities on the basis of evaluation and comparison of quotations obtained from more than one supplier.

3. With respect to each contract referred to in paragraph 1 of this Section, the Borrower shall furnish to the Association, prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of such contract, two conformed copies of such contract, together with the analysis of the respective bids and recommendations for award, a description of the advertising and tendering procedures followed and such other information as the Association shall reasonably request. Where payments under a contract are to be made out of the proceeds of Special Account B, such copies together with the other information required to be furnished to the Association pursuant to this paragraph shall be furnished to the Association as part of the evidence required under paragraph 4 of Schedule 4 to this Agreement.

4. With respect to each contract referred to in paragraph 2 of this Section, the Borrower shall furnish to the Association, prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect thereof, such documentation and information as the Association may reasonably request to support withdrawal applications in respect of such contract. Where payments under a contract are to be made out of the proceeds of Special Account B, the documentation and the information to be furnished to the Association pursuant to the provisions of this paragraph shall be furnished to the Association as part of the evidence required under paragraph 4 of Schedule 4 to this Agreement.

5. The provisions of the preceding paragraph 4 of this Section 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.

Section III. Employment of Consultants

In order to assist the Borrower in carrying out the Project and in executing the Program, the Borrower shall employ consultants and experts whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants and experts 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 Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: (i) in the case of Special Account A, Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and (ii) in the case of Special Account B, Category (6) set forth in said table;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of (i) goods and services required for the Project, and (ii) the imports required during the execution of the Program, 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 to be withdrawn from the Credit Account and deposited into each of the Special Accounts pursuant to paragraph 3 (a) of this Schedule, equivalent, in the case of Special Account A, to CFAF 210,000,000 and in the case of Special Account B to CFAF 600,000,000.

2. Payments out of any 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 any Special Account has been duly opened, withdrawals of the relevant Authorized Allocation and subsequent withdrawals to replenish such Special Account shall be made as follows:

(a) For withdrawals of the relevant 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 such 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 relevant 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 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 relevant Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of such Special Account for eligible expenditures.

All such deposits shall be withdrawn by the 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.

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 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 same Categories, 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 relevant 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 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 the relevant 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, 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.

SCHEDULE 5

Conditions for the Making of Withdrawals under Category (6) of paragraph 1 of Schedule 1 to this Agreement

Part A: Actions referred to in Paragraph 4 (a) of Schedule 1 to this Agreement
(Conditions for Release of Second Tranche)

1. The Borrower has submitted its 1993 Transport Sector Program of Investments and Public Expenditures, which shall be satisfactory to the Association.
2. The Borrower has made adequate allocations in its 1993 Transport Sector Program of Investments and Public Expenditures for road maintenance expenses.
3. The Borrower has provided evidence that all funds allocated for road maintenance in its 1992 Transport Sector Program of Investments and Public Expenditures have been duly committed.
4. The Borrower has provided evidence that: (a) it has ceased altogether to undertake any road maintenance works by force account other than mechanized works for the routine maintenance of earth roads; and (b) payment delays of the Borrower vis--vis private contractors and the

public administration do not exceed two months.

5. Either one of the following events has occurred: (a) SCFB has, (i) attained a total traffic volume which is at least 30% higher than that reached during 1991, and (ii) entered into a contract for the transport by rail to port of the zinc ore concentrate produced by a proposed mine in the Perkoa district of the Borrower's territory; or (b) the Borrower has nominated a liquidator and started the process of liquidating SCFB.

6. The Borrower and Regie X9 have concluded a contract-plan on terms and conditions satisfactory to the Association.

7. The Borrower and Air Burkina have concluded a contract-plan on terms and conditions satisfactory to the Association.

8. The Borrower has provided evidence showing that the action plan relating to NAGANAGANI is being implemented in a manner satisfactory to the Association.

9. On the basis of the audit referred to in Section 3.06 (a) of this Agreement, the Borrower has submitted an action plan, which shall be satisfactory to the Association, for airport management in the Borrower's territory.

Part B: Actions referred to in Paragraph 4 (b) of Schedule 1 to this Agreement
(Conditions for Release of Third Tranche)

1. The Borrower has submitted its 1994 Transport Sector Program of Investments and Public Expenditures, which shall be satisfactory to the Association.

2. The Borrower has made adequate allocations in its 1994 Transport Sector Program of Investments and Public Expenditures for road maintenance expenses.

3. The Borrower has provided evidence that all funds allocated for road maintenance in its 1993 Transport Sector Program of Investments and Public Expenditures have been duly committed.

4. The Borrower has provided evidence that: (a) it has entrusted responsibility to the private sector to undertake: (i) in the region of Ouagadougou, all mechanized works for the routine maintenance of earth roads scheduled in that region, and (ii) in one or more of the other nine regions of the Borrower's territory, a volume of mechanized works for the routine maintenance of earth roads, which shall be not less than the volume of such works scheduled to be undertaken in Bobo-Dioulasso; and (b) payment delays of the Borrower vis--vis private contractors and the public administration do not exceed two months.

5. Either one of the following events has occurred: (a) in the event that Part A.5 (a) of this Schedule applies, the Borrower and SCFB have concluded a contract-plan on terms and conditions satisfactory to the Association; or (b) in the event that Part A.5 (b) of this Schedule applies, the sale of the assets of SCFB has been duly initiated.

6. The Borrower has produced evidence showing that the contract-plans referred to in Part A.6 and A.7 of this Schedule, as well as the action plan for airport management referred to in Part A.8 of this Schedule, are all being implemented in a manner satisfactory to the Association.

