

CONFORMED COPY

CREDIT NUMBER 2007 CD

(Transport Sector Credit)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 22, 1989

CREDIT NUMBER 2007 CD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 22, 1989, between REPUBLIC OF CHAD (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter, dated March 21, 1989, from the Borrower describing a program of actions, objectives and policies designated to achieve structural adjustment of the Borrower's transport sector (hereinafter called 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; 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 modifications thereof set forth below (the General Conditions), constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 9, shall be modified to read:

"'Project' means the imports and other activities that may be financed out of the proceeds of the Credit pursuant to the provisions of Schedule 1 to the Development Credit Agreement.";

(b) Section 9.06 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date, or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Program referred to in the Preamble to the Development Credit Agreement, the performance by the Borrower and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit."; and

(c) the last sentence of Section 3.02 is deleted.

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) "SITC" means the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev. 3 (1986);

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

(c) "BEAC" means Banque des Etats de l'Afrique Centrale, the central bank of the Borrower;

(d) "BNF" means Bureau National de Fret, the national freight bureau of the Borrower referred to under Section 3.07 of this Agreement;

(e) "BTCD" means Banque Tchadienne de Credit et de Depots, a commercial bank of the Borrower;

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

(g) "CTT" means Cooperative des Transporteurs Tchadiens;

(h) "DRTP" means the Delegations Regionales des Travaux Publics of the Borrower;

(i) "LNBTP" means the Laboratoire National du Batiment et des Travaux Publics of the Borrower;

(j) "MTAC" means Ministere des Transports et de l'Aviation Civile, the ministry of transport and civil aviation of the Borrower;

(k) "MTP" means Ministere des Travaux Publics, the ministry of public works, of the Borrower;

(l) "OFNAR" means Office National des Routes, the entity responsible for road maintenance under the overall supervision of MTP; and

(m) "Road Maintenance Account" means the account referred to under Section

3.04 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-five million four hundred thousand Special Drawing Rights (SDR 45,400,000).

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: (i) of works and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit; and (ii) of goods imported 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 the Project and the Program, open and maintain in CFAF two special accounts in a commercial bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1994, 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 a 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; (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 as of 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 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 semiannually on April 1 and October 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 1 and October 1 commencing October 1, 1999, and ending April 1, 2029. Each installment to and including the installment payable on April 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. (a) BEAC 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.

(b) Without limitation or restriction to the foregoing, the Borrower hereby entrusts BEAC with responsibility for the preparation of withdrawal applications under the Program (Category (6) of the table in paragraph 1 of Schedule 1 to this Agreement) 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 and Particular Covenants

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 MTP, OFNAR, MTAC and BNF with due diligence and efficiency and in conformity with appropriate administrative, financial, economic and engineering 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 4 to this Agreement.

(b) Prior to each such exchange of views as referred to in paragraph (a) of this Section, the Borrower shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program and on the impact of the measures adopted in the transport sector, in such detail as the Association shall reasonably request.

(c) Without any limitation to the provisions of paragraph (a) above, the Borrower and the Association shall, not later than June 30 of each year the Project is executed, exchange views on the progress achieved in carrying out the Project and the Program, on the basis of implementation reports prepared by the Project Management Unit.

Section 3.03. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and of the goods imported during the execution of the Program, and to be financed out of the proceeds of the Credit, shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.04. The Borrower shall cause OFNAR's general directorate to:

(a) maintain the Road Maintenance Account, opened in BTCD, to receive all

funds allocated by the Borrower to road maintenance; and

(b) annually prepare a report, of such scope and in such detail as the Association shall have reasonably requested, on said account's activities during the previous year, such report to be reviewed with the Association as part of the exchange of views referred to under Section 3.02 (c) of this Agreement.

Section 3.05. Without any limitation or restriction upon any of its obligations under Section 3.01 of this Agreement, the Borrower shall make available to OFNAR, through the Road Maintenance Account referred to under Section 3.04 of this Agreement, a total amount of at least CFAF 6,500,000,000 for routine road maintenance during the execution of the Project.

Section 3.06. The Borrower shall not carry out any investment not included in the Transport Sector Investment Program for the period 1989-93 whose annual aggregate amount exceed CFAF 200,000,000, except with the Association's prior approval.

Section 3.07. The Borrower shall establish BNF under the overall supervision of MTAC to make publicly available all demand and supply information provided by shippers and truckers, to allow them to enter into freely negotiated contracts.

Section 3.08. The Borrower shall take all necessary measures to improve its petroleum tax collection performance in order to annually collect at least 85% of all said taxes in 1991, 1992 and 1993.

Section 3.09. The Borrower shall:

(a) establish and maintain a Project Management Unit to coordinate the activities carried out under the Project and the Program; and

(b) employ for said Unit a Project Coordinator, with qualifications and experience satisfactory to the Association, assisted by competent staff in adequate numbers.

Section 3.10. The Borrower shall annually submit to the Association for comments, not later than November 30 of each year until November 30, 1993 inclusive, the draft budget for non-personnel current expenditures of MTP and MTAC for the following fiscal year.

Section 3.11. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect, in accordance with consistently maintained sound accounting practices, the expenditures financed out of the proceeds of the Credit.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts, and the Road Maintenance Account referred to in Section 3.04 of this Agreement 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:

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

expenditures;

(ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account 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.

Section 3.12. The Borrower shall cause its ferries, work-shops, road maintenance equipment and related facilities to be operated and adequately maintained and shall cause all necessary repairs and replacements thereof to be made promptly, all in accordance with appropriate engineering practices.

Section 3.13. The Borrower shall cause its priority road network to be reasonably maintained and promptly repaired in accordance with sound engineering practices, and shall provide or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the foregoing.

Section 3.14. The Borrower shall take reasonable measures to enforce its traffic laws and shall inform the Association from time to time on the actions taken and proposed to be taken in this connection.

ARTICLE IV

Remedies of the Association

Section 4.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified namely that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

ARTICLE V

Effective Date; Termination

Section 5.01. 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 abolishment of CTT's monopoly has taken effect, and a liquidator has been appointed for CTT;

(b) BNF is operational with a mandate satisfactory to the Association;

(c) a temporary indicative freight tariff range has been established and is satisfactory to the Association;

(d) CFAF 900,000,000 have been allocated to OFNAR in the 1989 Loi de Finances for routine road maintenance, and the Association has received confirmation from the Borrower that CFAF 1,100,000,000 will be allocated to OFNAR in the 1990 Loi de Finances for routine road maintenance;

(e) the Borrower has submitted to the Association an action plan, for the restructuring of Air Tchad, satisfactory to the Association;

(f) the Project Coordinator referred to under Section 3.09 (b) of this

Agreement has been appointed, with experience and qualifications satisfactory to the Association;

(g) a Societe d'Economie Mixte for the operation of the Mani quarry has been established; and

(h) simplified procedures for procurement, contract approval and award, satisfactory to the Association, have been adopted.

Section 5.02. 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 VI

Representative of the Borrower; Addresses

Section 6.01. Except as provided in Section 2.09 of this Agreement, the Minister of the Borrower responsible for planning is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Planning and Cooperation
B.P. 286
N'Djamena
Republic of Chad

Cable address:	Telex:
MINPLAN N'Djamena	5329KD

For the Association:

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

Cable address:	Telex:
INDEVAS Washington, D.C.	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.

REPUBLIC OF CHAD

By /s/ Mahamat Ali Adoum

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 such proceeds 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
For the Project:		
(1) Civil works:		
(a) Buildings	3,400,000	95%
(b) Road rehabilitation by contract	2,150,000	95%
(c) Road rehabilitation by force account	2,000,000	95%
(d) N'Djamena urban roads	6,000,000	95%
(2) MTP:		
(a) Technical assistance	7,000,000	100%
(b) Training and scholarships	2,000,000	100%
(c) Studies	2,200,000	100%
(3) MTAC:		
(a) Technical assistance	1,900,000	100%
(b) Training	550,000	100%
(c) Studies	600,000	100%
(4) Operating costs:		
(a) BNF	200,000	80%
(b) Project Management Unit	330,000	80%
(5) Unallocated	1,970,000	

For the Program:

(6) Goods imported during the execution of the Program	15,100,000	100% of foreign expenditures
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TOTAL	45,400,000	

2. Definitions: For the purposes of this Schedule:

(a) the term "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) the term "Road Rehabilitation by Force Account" includes materials, spare parts and petroleum products; and

(c) the term "operating costs" includes office supplies, vehicles, salaries of Project Management Unit staff, office supplies and salaries of BNF staff.

3. Retroactive Financing: 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 except that: (a) withdrawals, in an aggregate amount not exceeding the equivalent of SDR 200,000, may be made in respect of Category (4) of paragraph 1 above; and (b) withdrawals in an aggregate amount not exceeding the equivalent of SDR 3,000,000 may be made in respect of Category (6) of paragraph 1 above, on account of payments made for expenditures before that date but after February 1, 1989.

4. Withdrawals under the Project: Notwithstanding the provisions of paragraph 1 above, no commitments shall be entered into to pay to the Borrower or others in respect of expenditures under Categories (1), (2), (3) and (4) of paragraph 1 above respectively: (a) 90 days after the aggregate of the proceeds of the Credit withdrawn from the Credit Account under Category (6) of paragraph 1 above, and the total amount of such commitments shall have reached the equivalent of SDR 4,500,000, unless the Association is satisfied with the progress and actions referred to in subparagraph 5 (b) below; and (b) 90 days after the aggregate of the proceeds of the Credit withdrawn from the Credit Account under Category (6) of paragraph 1 above, and the total amount of such commitments shall have reached the equivalent of SDR 10,500,000, unless the Association is satisfied with the progress and actions referred to in subparagraph 5 (c) below.

5. Withdrawals under the Program: No withdrawal shall be made and no commitment shall be entered into to pay amounts to the Borrower or others in respect of expenditures to be financed under Category (6) of paragraph 1 above:

(a) for:

(i) expenditures for goods included in the following SITC group or sub-groups, or any successor groups or sub-groups under future revisions to the SITC, as designated by the Association by notice to the Borrower:

Group	Sub-group	Description of Items
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not contain-

		ing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semi-precious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), non-irradiated for nuclear reactors
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silver-smiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)

(ii) expenditures in the currency of the Borrower or for goods supplied from the territory of the Borrower, excluding, if the currency of the Borrower is also that of another country, expenditures in such currency for goods supplied from the territory of such other country;

(iii) expenditures for goods procured under contracts costing less than \$5,000 equivalent;

(iv) expenditures for goods supplied under a contract which any national or other than the Association shall have international financing institution or agency financed or agreed to finance;

(v) expenditures for goods intended for a military or paramilitary purpose or for luxury consumption; and

(vi) expenditures in excess of an aggregate amount equivalent to SDR 3,750,000 for petroleum products and foodstuffs.

(b) after the aggregate of the proceeds of the Credit withdrawn from the Credit Account under Category (6) of paragraph 1 above and the total amount of such commitments shall have reached the equivalent of SDR 4,500,000 unless the Association shall be satisfied, after the exchange of views as described in Section 3.02 (a) of this Agreement: (i) with the progress achieved by the Borrower in the carrying out of the Program; (ii) with the level of funding of the Borrower's transport sector in 1990, including non-personnel current expenditures for MTP and MTAC; and (iii) that the actions described in Part A of Schedule 4 to this Agreement have been taken and are satisfactory to the Association; and

(c) after the aggregate of the proceeds of the Credit withdrawn from the Credit Account under Category (6) of paragraph 1 above, and the total amount of such commitments shall have reached the equivalent of SDR 10,500,000 unless the Association shall be satisfied, after the exchange of views as described in Section 3.02 (a) of this Agreement: (i) with the progress achieved by the Borrower in the carrying out of the Program; (ii) with the level of funding of the Borrower's transport sector in the current and previous year, including non-personnel current expenditures for MTP and MTAC; and (iii) that the actions described in Part B of Schedule 4 to this Agreement have been taken and are satisfactory to the Association.

6. If, after an exchange of views referred to in subparagraphs 5 (b) and (c) above,

the Association is not so satisfied and this situation shall not be rectified by the Borrower within 90 days after notice thereof by the Association, then the Association may, by notice to the Borrower, cancel the remaining 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 rehabilitate the priority road network, improve resource mobilization and allocation in the transport sector and strengthen public administration of said sector.

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, Buildings and Air Transport Infrastructure Rehabilitation

1. Rehabilitation of about 1,800 km of priority roads, and routine maintenance of the entire priority road network (about 3,800 km) including construction or repair of bridges.
2. Rehabilitation of about 14 km of urban roads in N'Djamena.
3. Construction and/or rehabilitation of buildings for MTP, MTAC and the DRTP, and acquisition of equipment thereto.
4. Acquisition of equipment and spare parts for routine road maintenance, road transports and ferry services.
5. Carrying out of minor civil works to rehabilitate ground facilities at the airports of Sarh, Moundou, Abeche, Am Timan, Bol and Mao including rehabilitation of airstrips, construction of workshops and office facilities, acquisition of safety equipment and navigational aids.

Part B: Institutional Strengthening

1. Strengthening of MTP, MTAC, OFNAR and LNBTP in management, planning, finance, operations and works supervision through staff training, creation of a Project management unit responsible for the coordination of Project's activities, and of a procurement unit within administration directorate of MTP responsible for the procurement of civil works.
2. Staff training for:
 - (a) MTAC, Air Tchad, small truckers BNF in management, planning, finance and operations; and
 - (b) small and medium local contractors in organization and management.
3. Assistance for civil works design, works supervision, and audits, soil research studies and testing, and studies for project preparation.

* * *

The Project is expected to be completed by December 31, 1993.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works for the Project

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, 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 goods shall be grouped in bid packages to permit bulk procurement.

Part B: Preference for Domestic Contractors

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

Part C: Other Procurement Procedures

1. Road maintenance works and road building materials estimated to cost less than the equivalent of \$300,000, may be awarded under contracts on the basis of competitive bidding advertised locally in accordance with procedures satisfactory to the Association.

2. Road rehabilitation and routine maintenance works may be procured by force account by OFNAR.

3. Office equipment may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part D: 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 with respect to each contract for goods 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 a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of a Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account 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 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.

Section III. Procurement of Goods other than for the Project, during the execution of the Program

1. Contracts for the procurement of goods by the Borrower or public sector entities estimated to cost the equivalent of \$1,000,000 or more each, and contracts for the procurement of goods by the private sector 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 for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (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

(ii) an advertisement in a newspaper, periodical or technical journal of wide 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 by the Borrower or public sector entities estimated to cost less than the equivalent of \$1,000,000 each 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. Contracts for the procurement of goods by private entities estimated to cost less than the equivalent of \$2,000,000 each may be awarded, to the extent practicable, on the basis of comparison of price quotations solicited from a list of at least two suppliers from at least two different countries eligible under the Guidelines, or on the basis of the normal procurement procedures of the purchaser of such goods.

4. With respect to each contract referred to in paragraph 1 of this Schedule, 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.

5. With respect to each contract referred to in paragraphs 2 and 3 above, 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.

6. Notwithstanding the provisions of paragraphs 4 and 5 above, where payments under

a contract are to be made out of the proceeds of the Special Account Program, the copies of such documentation and the information to be furnished to the Association pursuant to the provisions of paragraphs 4 and 5 above shall be furnished to the Association as part of the evidence required under paragraph 4 of Schedule 5 to this Agreement.

7. The provisions of the preceding paragraphs 4, 5 and 6 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.

SCHEDULE 4

Actions Referred to in Paragraph 5 of Schedule 1 to this Agreement

Part A: For the purposes of the second tranche release

1. All road transport prices and freight allocations have been completely liberalized.
2. The Borrower and the Association have agreed on the portion of the 1989-93 Transport Sector Investment Program to be carried out in 1990-91.
3. CFAF 900,000,000 have been used by OFNAR for routine road maintenance in 1989, CFAF 1,100,000,000 have been allocated to OFNAR in the 1990 Loi de Finances for routine road maintenance, and the Association has received confirmation from the Borrower that CFAF 1,300,000,000 will be allocated to OFNAR in the 1991 Loi de Finances for routine road maintenance.
4. At least 65% of all petroleum taxes levied in 1989 have been collected.
5. The first phase of Air Tchad's restructuring plan has been completed.

Part B: For the purposes of the third tranche release

1. The Borrower and the Association have agreed on the portion of the 1989-93 Transport Sector Investment Program to be carried out in 1991-92.
2. CFAF 1,100,000 have been used by OFNAR for routine road maintenance in 1990, CFAF 1,300,000,000 have been allocated to OFNAR in the 1991 Loi de Finances for routine road maintenance, and the Association has received confirmation from the Borrower that CFAF 1,500,000,000 will be allocated to OFNAR in the 1992 Loi de Finances for routine road maintenance.
3. At least 75% of all petroleum taxes levied in 1990 have been collected.
4. The second phase of Air Tchad's restructuring plan has been completed.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: (i) in the case of Special Account Project, Categories (1), (2), (3) and (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and (ii) in the case of Special Account Program, Category (6) of said table;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of: (i) goods, works and services required for the Project, to be financed out of the proceeds of the Credit; and (ii) goods imported 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: (i) an amount equivalent to

\$1,000,000 to be withdrawn from the Credit Account and deposited into the Special Account Project; and (ii) an amount equivalent to \$1,500,000 to be withdrawn from the Credit Account and deposited into the Special Account Program, all pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, payments out of a 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 a Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish a Special Account shall be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Association shall, on behalf of the Borrower, withdraw from the Credit Account, and deposit in the appropriate Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) The Borrower shall furnish to the Association requests for replenishment of a Special Account at such intervals as the Association shall specify; and

(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 appropriate 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 that 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 a 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 a 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 a 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 a Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or

(B) deposit into said 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 said 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 a 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 a 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.

