

CONFORMED COPY

CREDIT NUMBER 3360 CA

Development Credit Agreement

(Policy Support Project)

between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 10, 2000

CREDIT NUMBER 3360 CA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 10, 2000, between CENTRAL AFRICAN REPUBLIC (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Association has received two letters of sector policies from the Borrower dated November 23, 1999 and April 28, 2000, respectively, describing therein programs of actions, objectives and policies designed to: (a) achieve fiscal consolidation, privatization of state companies, regulatory reforms; (b) prepare a poverty reduction strategy; and (c) develop statistical infrastructure, all in order to strengthen the Borrower's economy (the Program), and declaring the Borrower's commitment to 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 (as amended through October 6, 1999) (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) "Becdor" means the Borrower's office for evaluation and control of diamonds and gold established pursuant to Decree No. 93.437 dated December 13, 1993;

(b) "bring to the point of lease" requires the Borrower to have taken the following steps: (i) invited firms to prequalify; (ii) carried out the prequalification exercise and announced the prequalified bidders (if any); (iii) invited the prequalified bidders to submit financial proposals; (iv) announced in the press the results of financial proposals submitted by bidders; (v) selected the best offers (if any); and (vi) invited the successful bidder(s) (if any) to enter into good faith negotiations;

(c) "bring to the point of sale" requires the Borrower to have taken the following steps: (i) prepared and distributed investment memoranda for the relevant state companies; (ii) solicited offers directly or through advertisement(s) in appropriate newspapers, under terms and conditions agreed upon between the Borrower and the Association; (iii) evaluated the offers and selected the bidder(s) (if any); and (iv) invited the successful bidder(s) (if any) to enter into good faith negotiations;

(d) "Comité de Pilotage-CSLP" means Comité de Pilotage du processus d'élaboration du cadre stratégique de lutte contre la pauvreté, a monitoring committee within the Poverty Reduction Strategy Framework established by the Borrower's Prime Minister under Arrêté No. 009 dated April 3, 2000;

(e) "CTP-PAS" or "Comité Technique Permanent du Suivi des Programmes d'Ajustement Structurel" means the permanent technical committee for structural adjustment programs established by the Borrower under Decree No. 96.099, dated April 1, 1996;

(f) "Direction Générale des Mines" means a directorate within the Ministry in charge of Mining (Ministry of Energy, Mining and Water);

(g) "Division de la Statistique et des Etudes Economiques" means the division of statistic and economic studies within the Ministry of Economy, Planning and International Cooperation;

(h) "ENERCA" means "Energie Centrafricaine", the state utility company owned by the Borrower, established pursuant to the Ordonnance No 67/63 dated October 25, 1967, and granted a monopoly for the production, import, transmission and distribution of electricity in the territory of the Borrower;

(i) "FCFA" and "CFA Franc" means Franc de la Coopération Financière en Afrique Centrale, the currency of the Borrower;

(j) "Fiscal Year" means the period which begins on January 1 and ends on December 31 each year;

(k) "IEC" means information, education and communication campaigns to be carried out under the Project, as specified under Part B.2 of Schedule 2 to this Agreement;

(l) "Inter-ministerial Committee" means the inter-ministerial committee for macro-economic and structural reforms established by the Borrower under Decree No. 95.183 dated June 23, 1995 for purposes of evaluating the Borrower's economic and financial policies and following-up the implementation of macro-economic and structural reforms;

(m) "PETROCA" means "Centrafricaine des Pétroles", the state petroleum company established pursuant to the signing of a Protocole d'Accord between the Borrower and Total Afrique on July 30, 1980, and granted a monopoly for the import and distribution of petroleum in the territory of the Borrower;

(n) "Poverty Reduction Strategy" means a medium term plan of action based on diagnostic studies and a participatory process involving stakeholders to: (i) promote the resumption/acceleration of growth in sectors where growth is likely to benefit the poorest; and (ii) improve social indicators, notably education and health indicators;

(o) "Privatization Commission" means the Borrower's Commission in charge of the Borrower's privatization program and established by Law No. 95.007 dated August 15, 1995;

(p) "Project Implementation Manual" means the manual adopted by the CTP-PAS for the implementation of the Project and setting forth, inter alia, procurement rules and administrative, accounting and financial procedures, to be used for the purpose of implementing the Project, as may be amended from time to time with the prior consent of the Association, such term to include any schedules thereto;

(q) "Project Implementation Plan" and "PIP" mean the comprehensive plan for the implementation of the Project referred to in paragraph 7 of Schedule 4 to this Agreement, containing, inter alia, work plans, training plans, performance indicators, training programs, as they may be amended from time to time with the prior consent of the Association, and such term includes any schedules to the PIP (including the Project Implementation Manual);

(r) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;

(s) "Project Preparation Advance" means the project preparation advance (PPF No. Q153-0 CAR) granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on April 6, 1999 and on behalf of the Borrower on April 14, 1999;

(t) "Project Year" means each twelve-month period during Project implementation starting from the day after the Effective Date;

(u) "SOCATEL" means "Société Centrafricaine de Télécommunications", the Borrower's state telecommunication company, established pursuant to Law No. 96.002 dated January 10, 1996; and

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

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to six million Special Drawing Rights (SDR 6,000,000).

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

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

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

Section 2.03. The Closing Date shall be August 31, 2004 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 canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(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 February 1 and August 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 1 and August 1, commencing August 1, 2010 and ending February 1, 2040. Each installment to and including the installment payable on February 1, 2020 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 per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; 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 repayment of installments under paragraph (a) above by:

(A) 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; and

(B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above 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.

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative and financial practices, and shall provide, promptly as needed, the funds,

facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

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

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the sustainability of the Project's objectives and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

Section 3.04. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain an account (the Project Account) in CFA Francs in a commercial bank on terms and conditions satisfactory to the Association;

(b) promptly thereafter, make an initial deposit into such account, in an amount equivalent to FCFA 5,000,000 to finance the Borrower's contribution to the Project;

(c) deposit into the Project Account by October 31 and April 30 in each year, until the completion of the Project, such amounts as shall be required to replenish in a timely manner, the Project Account to equal the amount of the initial deposit referred to in paragraph (b) above; and

(d) use the Project Account funds exclusively to finance expenditures under the Project.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each fiscal year audited, in accordance with auditing standards acceptable to the Association, 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 copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited; and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Association may 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 Project Management Reports or statements of expenditure, the Borrower shall:

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

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

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

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the Project Management Reports or 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 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening its financial management system for the Project in order to enable the Borrower, not later than 18 months after the Effectiveness Date, or such later date as the Association shall agree, to prepare quarterly Project management reports, acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report; and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;

(ii) (A) describes physical progress in Project

implementation, both cumulatively and for the period covered by said report; and (B) explains variances between the actual and previously forecast implementation targets; and

(iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Borrower shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each quarter a Project Management Report for such period.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional event is specified, namely, that a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower has established an accounting and financial management system for the Project, satisfactory to the Association;

(b) the Borrower has opened the Project Account and has deposited therein the initial deposit referred to in Section 3.04 (b) of this Agreement;

(c) the Borrower has appointed the external auditors referred to in Section 4.01 (b) to this Agreement, with qualifications and experience satisfactory to the Association, to be employed in accordance with the provisions of Section II of Schedule 3 to this Agreement; and

(d) the Borrower has appointed a Financial Director and a Procurement Specialist/Project Implementation Adviser, with qualifications and experience satisfactory to the Association to be employed in accordance with the provisions of Section II of Schedule 3 to this Agreement.

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

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time responsible for Finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Economy, Finance, Planning
and International Cooperation
P.O. Box 912
Bangui
Central African Republic

Cable address:	Telex:	Facsimile:
FINECA	5280 RC	(236) 61 96

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Central African Republic

For the Association:

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

Cable address:	Telex:	Facsimile:
INDEVAS	248423 (MCI) or	(202)

477-6391
Washington, D.C. 64145 (MCI)

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.

CENTRAL AFRICAN REPUBLIC

By /s/ Henri Koba

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Praful Patel

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) Goods/Equipment and vehicles	150,000	100% of foreign expenditures and 55% of local expenditures
(2) Consultants' services training, studies and audits	4,800,000	100%
(3) Operating Costs	200,000	90%
(4) Refunding of Project Preparation of Advance	250,000	Amount due pursuant to Section 2.02 (c) this Agreement
(5) Unallocated	600,000	
TOTAL	6,000,000	

2. 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;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory 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"; and

(c) the term "operating costs" means the incremental expenses incurred on account of Project implementation, including office furniture and supplies, vehicle operation and maintenance, communication and insurance costs, rental expenses, office maintenance costs, travel costs for Project staff and salaries of support staff for the Project, excluding management staff and salaries of officials of the Borrower's civil service.

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

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures: (a) under contracts for goods, furniture and vehicles costing less than \$100,000 equivalent each; (b) under contracts for the employment of consulting firms costing less than \$100,000 equivalent each and under contracts for the employment of individual consultants costing less than \$50,000 equivalent each; and (c) operating costs, all under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in: (i) implementing the Privatization and Regulation Program and building capacity in the Privatization Commission; (ii) preparing its Poverty Reduction Strategy; (iii) building capacity in the CTP-PAS; (iv) carrying out a program to build capacity in statistic studies; and (v) building capacity in the Ministry in charge of Mining.

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: Privatization and Regulation Program and Privatization Commission Capacity Building

Implementing, through the Privatization Commission, the privatization and the regulation of the Borrower's public sector by: (a) bringing ENERCA to the point of lease and SOCATEL to the point of sale; (b) designing of appropriate policy and regulatory frameworks in the electricity and telecommunication sectors; (c) following-up PETROCA's privatization, carrying out an environmental impact study and implementing an information management system; (d) preparation of retrenchment plans for redundant staff of SOCATEL, ENERCA and PETROCA; (e) establishment of an autonomous multisector regulatory body; (f) carrying out technical and organizational studies; (g) preparing information and communication campaigns directed at all stakeholders in the privatization and liberalization processes; all through: (i) the provision of technical advisory services; (ii) the organization of seminars for the staff of the Privatization Commission and of training programs for the staff of the multisector regulatory body; and (iii) the purchase of computer equipment, office equipment and one vehicle for the Privatization Commission.

Part B: Poverty Reduction Strategy

1. Updating knowledge and data on social and productive sectors, through the Comité de Pilotage-CSLP, by carrying out poverty assessments and diagnostic studies on education, health (including HIV/AIDS), cotton, livestock, rural transportation, mining and forestry; all through: (i) the provision of technical advisory services; and (ii) the purchase of computer equipment, office equipment and one vehicle.

2. Carrying out an IEC campaign, through the Comité de Pilotage-CSLP, in support of the participatory process related to developing the poverty reduction strategy through: (i) the provision of technical advisory services; and (ii) the organization of seminars and consultations with stakeholders.

Part C: Building Capacity in CTP-PAS

Building capacity in CTP-PAS in order to enable it to carry out the Project, through: (i) the provision of technical advisory services; (ii) the organization of seminars and training programs; and (iii) the acquisition of computer equipment, office equipment and one vehicle.

Part D: Development of Statistic Studies

Implementing, through the Division de la Statistique et des Etudes Economiques, the Borrower's work program for the development through: (i) the provision of technical advisory services for assessing existing skills in statistics or lack thereof, and evaluating training needs for improving the development of statistics; and (ii) the organization of seminars and training programs.

Part E: Capacity Building in the Ministry in charge of Mining

Building capacity in the Ministry in charge of Mining, especially in the Direction Générale des Mines and the Becdor, through: (i) the provision of technical advisory services for the updating of the mining code and the improvement of registration for mining permits; (ii) the purchase of goods and equipment; and (iii) the organization of training programs.

* * *

The Project is expected to be completed by February 29, 2004.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: General

Goods shall be procured in accordance with: (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines); and (b) the provisions of the following Parts of this Section I.

Part B: International Competitive Bidding

Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Vehicles estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$150,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$30,000 equivalent, up to an aggregate amount not to exceed \$50,000, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review for National Competitive Bidding

With respect to the procurement of vehicles, the procedures set forth in paragraphs 1, 2 (other than subparagraph (a)) and 3 of the Procurement Guidelines shall apply

3. Prior Review for National Shopping

With respect to the first two contract for goods estimated to cost the equivalent of \$5,000 or more, the following procedures shall apply :

(i) prior to the selection of any supplier or execution of any contract under shopping procedures, the Borrower shall provide to the Association a report on the comparison and evaluation of quotations received;

(ii) prior to the execution of any contract procured under shopping procedures, the Borrower shall provide to the Association a copy of the specifications and the draft contract; and

(iii) the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

4. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with: (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines); and (b) the provisions

of the following Parts of this Section II.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services under Parts A and B of the Project, estimated to cost less than \$50,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services for specific and smaller assignments under Part A and B of the Project estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning and Terms of Reference

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project and all terms of reference for the employment of consulting firms or of individual consultants, shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan and terms of reference as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants and consulting firms estimated to cost the equivalent of \$30,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished

to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

(c) With respect to the first three (3) contracts estimated to cost (i) the equivalent of \$50,000 or less for the employment of consulting firms ; or (ii) the equivalent of \$30,000 or less for the employment of individual consultants, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

1. Inter-ministerial Committee

The Borrower shall maintain, until the completion of the Project, the Inter-ministerial Committee responsible for supervising the implementation of the Project carried out by CTP-PAS, the Privatization Commission, the Comité de Pilotage-CSLP and the Ministry in charge of Mining.

2. CTP-PAS

The Borrower shall maintain, until the completion of the Project, CTP-PAS, with functions satisfactory to the Association, and with staff with experience and qualifications satisfactory to the Association. The Borrower shall cause the CTP-PAS to coordinate all Project activities and to implement Part C of the Project.

3. Privatization Commission

The Borrower shall maintain, until the completion of the Project, the Privatization Commission, with functions satisfactory to the Association, and with staff with experience and qualifications satisfactory to the Association. The Borrower shall cause the Privatization Commission to carry out and implement Part A of the Project.

4. Comité de Pilotage-CSLP

The Borrower shall maintain, until the completion of the Project, the Monitoring Committee-CSLP, with functions satisfactory to the Association, and with staff with experience and qualifications satisfactory to the Association. The Borrower shall cause the Comité de Pilotage-CSLP to carry out and implement Part B of the Project.

5. Ministry in Charge of Mining

The Borrower shall maintain, until the completion of the Project, within the Ministry in charge of Mining, the Direction Générale des Mines and the Becdor, with functions satisfactory to the Association, and with staff with experience and qualifications satisfactory to the Association. The Borrower shall cause the Ministry in charge of Mining to

carry out and implement Part E of the Project.

6. Division de la Statistique et des Etudes Economiques

The Borrower shall maintain, until the completion of the Project, the Division de la Statistique et des Etudes Economiques, with functions satisfactory to the Association, and with staff with experience and qualifications satisfactory to the Association. The Borrower shall cause the Division de la Statistique et des Etudes Economiques to carry out and implement Part D of the Project.

7. Project Implementation Plan

The Borrower shall carry out the Project in accordance with procedures set out in the Project Implementation Plan and, except as the Association shall otherwise agree, shall not amend or waive any provision thereof, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

8. Project Staff

The Borrower shall appoint under the Project : (i) six managerial staff to CTP-PAS (one President, one Permanent Secretary, three Experts and one Financial Director); (ii) a Financial Analyst and a Legal Counsel for the Privatization Commission; (iii) an Economic Advisor to the Prime Minister, all with experience and qualifications satisfactory to the Association.

9. Performance indicators and Program Reports

The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about January 31 and July 31 each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, not later than four weeks after the presentation of the report referred to in paragraph (b) of this Section, said report and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Association's views on the matter.

10. Midterm Review

The Borrower shall:

(a) carry out, jointly with the Association, not later than

April 30, 2002, the Midterm Review which shall cover, among other things : (i) progress made in meeting the Project's objective; (ii) overall Project performance against Project performance indicators; and (iii) the quality of the advisory services under the Project;

(b) furnish to the Association, at least three weeks after the Midterm Review, a report describing the status of the items listed in paragraph 3 (a) above and of Project implementation generally; and

(c) prepare, not later than four weeks after the Midterm Review, an action plan, acceptable to the Association, for the further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action plan.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) and (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to FCFA 300,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to FCFA 150,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 2,200,000.

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

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

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

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

Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b)(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the Special Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

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

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

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

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

