

CONFORMED COPY

CREDIT NUMBER 1775 CD

Development Credit Agreement  
(Agricultural Rehabilitation Project)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 15, 1987

CREDIT NUMBER 1775 CD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 15, 1987, between REPUBLIC OF CHAD (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "MU" or "Management Unit" means the unit referred to under Section 3.07 of this Agreement;
- (b) "BIEP" means the Bureau Interministeriel des Etudes et de la Programmation, the Interministerial Rural Planning Office of the Borrower;
- (c) "BTCD" means the Banque Tchadienne de Credit et de Depots of the Borrower;
- (d) "CFAF" means the currency of the Borrower;
- (e) "MADR" means the Ministere de l'Agriculture et du Developpement Rural, the Ministry of the Borrower responsible for Agriculture and Rural Development;
- (f) "MEHP" means the Ministere de l'Elevage et de l'Hydraulique Pastorale, the Ministry of the Borrower responsible for Livestock and Water Development;
- (g) "MTE" means the Ministere du Tourisme et de l'Environnement, the Ministry of the Borrower responsible for Tourism and the Environment;
- (h) "ONDR" means the Office National de Developpement Rural, the National Office of rural Development of the Borrower;
- (i) "ONHPV" means the Office National de l'Hydraulique Pastorale et Villageoise, the National Office for Village and Pastoral Water Development of the Borrower;
- (j) "Project Account" means the account referred to in Section 3.03 of this Agreement;
- (k) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters, dated October 10, 1986 and November 4, 1986, between the Borrower and the Association; and
- (l) "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 fourteen million five hundred thousand Special Drawing Rights (SDR 14,500,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special account in BTCD on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 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 cancelled.

Section 2.03. The Closing Date shall be December 31, 1991 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 at the rate of one-half of one per cent (1/2 of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue from a date sixty days after the date of the Development Credit Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or shall be cancelled.

(b) 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 June 15 and December 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 15 and December 15 commencing June 15, 1997, and ending December 15, 2036. Each installment to and including the installment payable on December 15, 2006 shall be one-half of one per cent (1/2 of 1%) of such principal amount, and each installment thereafter shall be one and one-half per cent (1-1/2%) of such principal amount.

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. 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 jointly through MADR, BIEP, MEHP and MTE with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

Section 3.03. Without any limitation or restrictions upon any of its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) open, on terms and conditions satisfactory to the Association and thereafter maintain for purposes of the Project, a Project Account in BTCD for payment of expenditures under the Project not financed out of the proceeds of the Credit; and

(b) in addition to the initial deposit referred to in Section 6.01 (a) of this Agreement, quarterly replenish the Project Account in an amount of at least five million CFAF (CFAF 5,000,000) up to an aggregate amount of seventy million CFAF (CFAF 70,000,000), so that the funds available in such Project Account shall at all times be sufficient to permit timely and efficient execution of the Project.

Section 3.04. (a) The Borrower shall: (i) select any additional Emergency Rehabilitation Actions referred to under Part B (3) of the Project in accordance with

the eligibility criteria specified in Schedule 4 to this Agreement; (ii) submit to the Association for prior approval any Emergency Rehabilitation Action for public sector enterprises exceeding the equivalent of \$100,000; and (iii) submit to the Association for prior approval any Emergency Rehabilitation Action for MADR and MEHP services referred to under Part B (3) of the Project.

(b) Without any limitation to the provisions of Section 9.01 of the General Conditions the Borrower and the Association shall, twice a year, exchange views on the implementation of the Project as described in Schedule 2 to this Agreement. One month prior to each such exchange of views, the Borrower shall furnish to the Association for its review and comment a progress report on the implementation of the Project, including the implementation of Emergency Rehabilitation Actions in such details as the Association shall reasonably request.

Section 3.05. The Borrower shall, not later than December 31, 1987, introduce regulations and make institutional arrangements, satisfactory to the Association, to recover water points maintenance costs, and investment and maintenance costs of collective equipments financed out of the proceeds of the Credit.

Section 3.06. The Borrower shall: (a) submit to the Association for comments the work plans and training programs prepared by all consultants and experts financed out of the proceeds of the Credit within six months of their respective date of employment; and (b) update said work plans and training programs as part of the exchange of views provided for under Section 3.04 (b) of this Agreement.

Section 3.07. The Borrower shall:

(a) maintain the activities of the Management Unit of the Rural Projects Fund Project (MU), established under Cr 664 CD under the "tutelle" of the Planning Ministry attached to the Office of the President, and extend them in order to monitor the implementation of the Project as described in Schedule 2 to this Agreement;

(b) employ for MU a Deputy Director, an Accountant and an Administrator for Part B of the Project, and provide, promptly as needed, the funds, facilities, services and other resources required for the Project;

(c) cause MU to coordinate the annual work programs and budgets for the Project among MADR, MEHP, MTE and BIEP, and to furnish to the Association for information and comments not later than August 31 of each year said work programs and budgets, including details on expenditures financed out of the proceeds of the Credit for Part B of the Project; and

(d) cause MU to submit to the Association for prior approval, not later than May 31, 1987, administrative arrangements entered into between MU and: (i) ONDR, and the rural construction service of MADR for the provision of services related to the pilot actions referred to under Parts C (1) and C (2) of the Project; (ii) ONHPV for the maintenance of water-points referred to under Part C (3) of the Project; (iii) BIEP for sub-sector studies referred to under Part A (3) (c) of the Project; and (iv) MEHP and MADR for technical assistance.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account 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 completion of 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.

## ARTICLE V

### Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified, namely, that the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of MU or for changing its "tutelle" or for the suspension of its operations.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified: any events specified in Section 5.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Borrower.

## ARTICLE VI

### Effective Date;

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 account referred to under Section 3.03 of this Agreement has been opened with an initial deposit of ten million CFAF (CFAF 10,000,000);

(b) the Borrower has extended the terms of reference of MU, as provided under Section 3.07 (a) of this Agreement, so as to entrust it with the administration of the implementation of the Project; and

(c) the Borrower has signed a contract with a consulting firm, satisfactory to the Association, for the recruitment of resident experts under Part A of Schedule 2 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 in charge of planning is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Planning attached to  
the Office of the President  
BP 286  
N'DJamena  
Republic of Chad

Cable address:

MINPLAN  
N'DJamena

Telex:

5201KD  
5248KD

For the Association:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

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/ Sven Sandstrom

Acting Regional Vice President  
Africa

SCHEDULE 1

### Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil Works (except for Part B of the Project)	170,000	100% of foreign expenditures and 95% of local expenditures
(2) Vehicles, equipment and spare parts (except for Part B of the Project)	2,160,000	100% of foreign expenditures and 95% of local expenditures
(3) Consultants' studies, training and services (except for Part B of the Project)	5,710,000	100% of foreign expenditures and 95% of local expenditures
(4) Operating costs (except for Part B of the Project)	1,170,000	95% for with- drawals up to an aggregate amount equivalent to 700,000; 60% for withdrawals up to an aggre- gate amount equivalent to 1,000,000; and 30% for with- drawals up to an aggregate amount equivalent to 1,170,000
(5) Part B of the Project: Emergency Rehabilitation Actions		
(a) civil works	1,080,000	100% of foreign expenditures and 95% of local ex- penditures
(b) equipment and spare parts for public sector enter- prises	500,000	100% of foreign expenditures and 95% of local ex- penditures
(c) equipment and spare parts for rural	420,000	100% of foreign expenditures and 95% of local ex-

development services		penditures
(d) Consultants services	170,000	100% of foreign expenditures and 95% of local expenditures
(e) operating costs	340,000	95% for withdrawals up to an aggregate amount equivalent to 210,000; 60% for withdrawals up to an aggregate amount equivalent to 300,000; and 30% for withdrawals up to an aggregate amount equivalent to 340,000
(6) Refunding of Project Preparation Advance	420,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(7) Unallocated	2,360,000	
TOTAL	14,500,000	

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) "Operating Costs" means all costs associated with the Project including local personnel salaries, and maintenance of vehicles, equipment and office facilities.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for: (i) expenditures prior to the date of this Agreement; and (ii) expenditures under Categories (5) (a), (b), (d) and (e) exceeding the equivalent of \$100,000 unless the Association has approved the additional Emergency Rehabilitation Actions for public sector enterprises in accordance with Section 3.04 (a)(ii) and Schedule 4 Part I to this Agreement; and (iii) expenditures under Category (5) (c) unless the Association has approved the additional Emergency Rehabilitation Actions for MADR's and MEHP's services in accordance with Section 3.04 (a)(iii) and Schedule 4 Part II to this Agreement.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are: (i) to stimulate the Borrower's economic recovery through institutional development and emergency rehabilitation of the agricultural sector's productive facilities; and (ii) to enhance the Borrower's



planning capacity in the 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: Institutional Development and Sector Planning

1. MADR: strengthening of MADR's technical departments through the design and implementation of agricultural and rural development policies and preparation of training programs for key national staff, the acquisition of vehicles, equipment, and office facilities.
2. MEHP: improving livestock productivity through the design and implementation of livestock policies and the preparation of training programs for key national staff, the acquisition of vehicles, equipment and office facilities.
3. BIEP: preparation of priority rural development projects through:
  - (a) development of procedures for accelerating implementation of new projects;
  - (b) preparation of financial, budgeting analysis and audit procedures of rural development projects;
  - (c) studies on potential for: (i) diversification and expansion of crop production; (ii) development, processing and marketing of livestock and livestock products; (iii) national forest development and resource conservation; and (iv) establishing a rural credit system, and other studies on matters to be identified by the Borrower and related to the objectives of the Project; and
  - (d) design and implementation of training programs for key national staff.
4. MU: preparation and implementation of MU's work program and management of Project's funds.

Part B: Emergency Rehabilitation Actions

1. Farcha Laboratory: (a) construction of protection works against erosion, and rehabilitation of buildings and services, including preparation of an engineering study thereof; (b) equipment renewal, restoration of the herbarium, library services and international association operations; and (c) construction and development of a soil and water resources analysis laboratory.
2. Farcha Abattoir: urgent rehabilitation works.
3. Additional emergency rehabilitation actions for public sector enterprises, and MADR and MEHP services, including institutional development and sector planning under Part A above, selected in accordance with the eligibility criteria set forth under Schedule 4 to this Agreement.

Part C: Pilot Actions

1. Riverside cultivation carried out by ONDR's sahelian subdivision: development of optimum techniques for the irrigation and cultivation of about 25 separate pilot sites near Guelendeng ranging from 3 to 15 ha each of irrigated or semi-irrigated land including planning, staff training, extension services, maintenance of equipment, including input services and acquisition of water pumps.
2. Wadi cultivation carried out by ONDR's sahelian subdivision: development of optimum techniques for manual construction of shallow wells and for irrigation and cultivation of small plots in 6 wadis covering about 60 ha in the Kanem department, including planning, staff training and extension services, acquisition of construction materials and production inputs.
3. Rural water points maintenance program: (a) establishment of a special division within ONHPV for the coordination of rural water points maintenance; (b) establishment

of two pump maintenance units under ONHPV's supervision, including one at Moundou to provide technical advice and spare parts for manual pumps on boreholes and wells; and (c) development of training facilities for ONHPV including acquisition of vehicles, equipment and design of a maintenance and training program and the development of prospecting methods for new points and of procedures for recovery of maintenance costs.

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The Project is expected to be completed by June 30, 1991.

### SCHEDULE 3

#### Procurement and Consultants' Services

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

###### Part A: International Competitive Bidding

Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

###### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in the Republic of Chad may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

###### Part C: Preference for Domestic Contractors

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

###### Part D: Other Procurement Procedures

1. Civil works estimated to cost less than \$100,000 equivalent up to an aggregate amount not to exceed the equivalent of \$1,500,000 may be awarded either: (i) on the basis of local competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association; or (ii) by force account,
2. Contracts for vehicles and agricultural equipment estimated to cost less than \$100,000 equivalent up to an aggregate amount not to exceed the equivalent of \$1,000,000 may be awarded on the basis of local competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.
3. Items or groups of items estimated to cost less than the equivalent of \$20,000 per contract, up to an aggregate amount not to exceed the equivalent of \$200,000, 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 E: Review by the Association of Procurement Decisions

###### 1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for civil works, vehicles and equipment estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in

respect of  
such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 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 agricultural, financial, research and socioeconomic consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

### SCHEDULE 4

#### Emergency Rehabilitation Actions

##### (Part B of the Project)

Additional Emergency Rehabilitation Actions may be eligible for financing under Category 5 of the table in paragraph 1 in Schedule 1 to this Agreement, provided that they meet the following criteria:

#### I. For public sector enterprises:

(a) the proposed actions shall be directly related to crop and livestock production;

(b) detailed work plans and budgets shall be submitted to MU with the proposed actions to cover physical, financial and organizational aspects thereof including precise proposals for procurement of goods and services;

(c) the proposed actions shall, to the extent possible, range from \$50,000 equivalent to \$250,000 equivalent;

(d) the proposed actions shall be estimated to be financially self-supporting within 12 months of funding approval; and

(e) the proposed actions not exceeding the equivalent of \$100,000 shall be approved by the Committee referred to in Section II of this Schedule. Proposed actions exceeding that amount shall be submitted by MU to the Association for approval with a draft financing plan, including an undertaking to present quarterly progress reports.

The proposed actions shall be limited to the provision of civil works and the acquisition of equipment and spare parts not to exceed the equivalent of \$100,000 per contract up to an aggregate amount not to exceed the equivalent of \$1,000,000.

These proposed actions will be invited each year by MU from representatives of

the different ministries concerned with agricultural production and livestock.

MU shall be responsible for appraising and submitting to the Committee a selection of said proposed actions in line with the above criteria. MU's proposals shall be considered by a Committee composed of the General Director and the Development and Planning Director of the Planning Ministry attached to the Office of the President, and of BIEP's Director, and submitted to the approval of the Planning Minister. MU's Director shall be the Committee's secretary.

II. For MADR and MEHP services:

Detailed work plans and budgets shall be submitted by the relevant General Directors to MU with the proposed actions to cover physical, financial and organizational aspects thereof including precise proposals for procurement of goods and services.

The proposed actions shall be submitted by MU to the Association for approval.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1 through 5 set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to CFAF 70,000,000 to be withdrawn from the Credit Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, 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 may 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 Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Association requests for replenishment of the Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association when either of the following situations first arises:

(i) 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

(ii) the total unwithdrawn amount of the Credit allocated to the eligible Categories minus 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 be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) 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 any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule, or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association 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. No further deposit by the Association into the Special Account shall be made until the Borrower has made such deposit or refund.

(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 for crediting to the Credit Account.

