

CONFORMED COPY

CREDIT NUMBER 2597 IVC

Development Credit Agreement

(Rural Savings and Loans Rehabilitation
and Promotion Project)

between

REPUBLIC OF COTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 1, 1994

CREDIT NUMBER 2597 IVC

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 1, 1994, between REPUBLIC OF COTE D'IVOIRE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Borrower has stated in a letter, dated November 18, 1993, its policies and objectives and the modalities designed to foster rural savings and loans development (the Rural Savings and Loans Development Strategy);

(C) the Borrower intends to contract from Caisse Francaise de Developpement (CFD) a loan (the CFD Loan) in an amount equivalent to French Francs 37,000,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the CFD Loan Agreement) to be entered into between the Borrower and CFD;

(D) the Borrower intends to contract from Fonds d'Aide et de Cooperation (FAC) a grant (the FAC Grant) in an amount equivalent approximately to French Francs 12,000,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the FAC Grant Agreement) to be entered into between the Borrower and FAC;

(E) the Borrower intends to contract from Canadian International

Development Agency (CIDA) a grant (the CIDA Grant) in an amount equivalent to Can \$4,700,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the CIDA Grant Agreement) to be entered into between the Borrower and CIDA; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

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

- (a) "CFAF" means the currency of the Borrower;
- (b) "CMU" means the Central Management Unit of the Project to be established pursuant to Section 6.01(e) of this Agreement;
- (c) "ANAC-CI" means Association Nationale des CREP et COOPEC de Cote d'Ivoire, established and operating pursuant to the Borrower's Law No. 60-315 dated September 21, 1960, and its Statutes dated April 9, 1993.
- (d) "CREPs" mean Caisses Rurales d'Epargne et de Pret, the rural savings associations and cooperatives of the Borrower, created and operating pursuant to the Borrower's Law No. 77-332 dated June 1, 1977;
- (e) "Network" means the network of CREPs in the following regions of the Borrower's territory: Korhogo, Gagnoa, Bouake, Man, Abidjan-Est and Abidjan-Ouest;
- (f) "DRs" mean Delegations Regionales of the Network, regional service units of the Network, in the following regions of the Borrower's territory: Korhogo, Gagnoa, Bouake, Man, Abidjan-Est and Abidjan-Ouest;
- (g) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;
- (h) "Project Account" means the account referred to in Section 3.01 (c) of this Agreement;
- (i) "Subsidiary Credit Agreement" means the agreement to be entered into between the Borrower and ANAC-CI on behalf of the Network pursuant to Section 3.01 (d) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Credit Agreement;
- (j) "Monitoring Committee" means the committee to be established pursuant to Section 6.01(d) of this Agreement; and
- (k) "CAA" means Caisse Autonome d'Amortissement, a public financial institution of the Borrower.

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 one million five hundred thousand Special Drawing Rights (SDR 1,500,000).

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 deposit account in CAA 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.

Section 2.03. The Closing Date shall be June 30, 2000, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

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

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on June 1 and December 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each June 1 and December 1, commencing June 1, 2004 and ending December 1, 2033. Each installment to and including the installment payable on December 1, 2013 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment

of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through its Ministry responsible for finance with due diligence and efficiency and in conformity with appropriate administrative, financial and banking 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.

(c) Without limitation upon the provisions of paragraph (a) of this Section, the Borrower shall for the purposes of making available its contribution to the Project, open and maintain in its Treasury a separate account in the name of the Project (the Project Account), make an initial deposit of the equivalent of one hundred million CFAF (CFAF 100,000,000) into such account and replenish it as and when required to ensure that, on the first day of each calendar quarter during each year the Project is executed, an amount sufficient to cover at least estimated expenditures during such quarter shall be available to the Project.

(d) The Borrower shall onlend the proceeds of the Credit allocated from time to time under Categories (1) through (5) of the table set forth in paragraph 1 of Schedule 1 to this Agreement to the Network through ANAC-CI under a subsidiary credit agreement to be entered into between the Borrower and ANAC-CI, under terms and conditions which shall be acceptable to the Association, which shall include a service charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the proceeds withdrawn and outstanding from time to time and a 40 years repayment period including a grace period of 10 years, the Network bearing the cost of fluctuations in the currencies so related to it.

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

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for 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 limitation upon the provisions of Section 9.01 of the General Conditions, the Borrower and the Association shall carry out a mid-term evaluation of the progress achieved in carrying out the Project not later than December 31, 1996. The recommendations of such evaluation, once approved by the Borrower and the Association, shall be implemented by the Borrower with due diligence. The review shall cover, inter alia: (a) the progress made in the development of the Network including its institutional set-up; (b) the evaluation of the consultants' performance; and (c) overall Project performance.

Section 3.04. For the purposes of carrying out the Project, the Borrower shall cause the CMU to submit to the Association: (a) not later than June 30 of each year, for its comments, draft programs of operations and budgets; (b) not later than September 30 of each such year, for its final approval, revised programs of operations and budgets taking into consideration comments made earlier by the Association. Said programs shall include, inter alia: (a) a statement on progress achieved so far; (b) the work program of each DR for the coming year; (c) a proposed timetable for the opening and/or closing of CREPs; (d) draft annual training programs; and (e) draft annual budgets.

Section 3.05. The Borrower shall cause the CMU to close down CREPs that fail to become profitable after four years of operation.

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 and the Project 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 Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special 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:

- (a) The Borrower's Law No. 77-332 of June 1, 1977, has been modified, repealed or waived so as to affect materially and adversely the carrying out of the Project or the operations of the Network; and
- (b) a situation has arisen which shall make it improbable that the Rural Savings and Loans Development Strategy, or a significant part thereof, will be carried out.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely, that any event specified in paragraph (a) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

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

- (a) the Statement of Operational Policies of the Network referred to in Schedule 4 to this Agreement has been received and found acceptable by the Association;
- (b) the Project director and the training specialist within the CMU and the regional coordinators of the DRs referred to in Schedule 4 to this Agreement have been recruited on terms and conditions satisfactory to the Association;
- (c) the Subsidiary Credit Agreement has been signed between the Borrower and ANAC-CI on behalf of the Network;
- (d) the Monitoring Committee has been established;
- (e) the CMU and the six DRs have been established under terms of reference acceptable to the Association;
- (f) standard bidding documents for the procurement of goods under the Credit have been finalized and found acceptable by the Association;
- (g) the Project Account has been opened and the initial deposit referred to under Section 3.01 (c) of this Agreement has been made; and
- (h) all conditions precedent to the effectiveness of the CFD Loan Agreement, the FAC Grant Agreement and the CIDA Grant Agreement have been fulfilled, other than those related to the effectiveness of this Agreement.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the Subsidiary Credit Agreement has been duly authorized or ratified by the Borrower and ANAC-CI on behalf of the Network and is legally binding upon the Borrower and ANAC-CI in accordance with its terms.

Section 6.03. 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 responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes

of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Economy, Finance and Plan
B.P. V 125
Abidjan
Republic of Cote d'Ivoire

Cable address:

Telex:

MINFIN
Abidjan

23747 MINFIN

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.

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF COTE D'IVOIRE

By /s/ Moise Koumoue Koffi
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Olivier Lafourcade
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	110,000	100%
(2) Vehicles and equipment	480,000	100% of foreign expenditures and 80% of local expenditures

(3)	Consultants' services	270,000	100%
(4)	Training	220,000	100%
(5)	Operating costs:		
	(a) until December 31, 1996	150,000	55%
	(b) thereafter	120,000	30%
(6)	Unallocated	150,000	
	TOTAL	1,500,000	=====

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 the goods and 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 expenditures incurred by the CMU and DRs for local travel and standardized per diem associated with trips outside the prefecture where an employee is assigned, vehicle operation and maintenance, and small equipment and office supplies.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures: (a) prior to the date of this Agreement; (b) under Category (4) until a detailed training program for the first year and an outline for subsequent years under Part C of the Project shall have been received and found acceptable by the Association; and (c) under Category (5) (b) until an institutional and organizational structure for the Network, satisfactory to the Association, shall have been in place.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for goods, works and services not exceeding \$20,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist in the strengthening of the Network through the rehabilitation of existing CREPs and the creation of new ones on a sustainable basis.

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: Rehabilitation and Development of Local CREPs

1. Execution of financial audits and design of a rehabilitation plan for existing CREPs, and creation of new CREPs in accordance with the Statement of Operational Policies of the Network referred to in Schedule 4 to this Agreement.

2. Implementation of training programs for CREP's members, provision of institutional, logistical and management support, including rehabilitation

of offices for about 40 CREPs, and carrying out of awareness campaigns.

Part B: Support to the DRs

Support to the DRs to promote and assist in the creation of new CREPs and to provide supervision to all CREPs, including provision of training to members, monitoring of compliance with prudential ratios, the quality of the loan portfolio and loan recovery efforts, and the implementation of seminars and workshops.

Part C: Support to the CMU

Strengthening of the CMU to enable it to exercise control over the Network and to provide to the latter adequate support in financial, institutional and managerial areas, the design of training programs and the organization of seminars and workshops for CREP's members and the DRs, and the provision of assistance for the carrying out of annual audits.

* * *

The Project is expected to be completed by December 31, 1999.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

(a) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of goods in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

2. To the extent practicable, contracts for vehicles and equipment shall be grouped into bid packages estimated to cost the equivalent of \$200,000 or more.

3. Goods shall be exempted from preshipment price inspection by a third-party inspection firm.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Cote d'Ivoire 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: Other Procurement Procedures

1. Items or groups of items for civil works estimated to cost the equivalent of \$40,000 or less per contract, up to an aggregate amount

equivalent to \$160,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Items or groups of items for vehicles and equipment estimated to cost between the equivalent of \$200,000 and \$50,000 per contract, up to an aggregate amount equivalent to \$200,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

3. Items or groups of items for equipment estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$200,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part 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 works and goods estimated to cost the equivalent of \$100,000 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 4 to this Agreement.

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

2. The figure of 15% 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. For complex, time-based assignments, the Borrower shall contract the services of such consultants using the standard letter of invitation and form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

SCHEDULE 4

Implementation Program

1. At the National Level

(a) The Borrower shall establish and thereafter maintain a Project Monitoring Committee responsible for overall monitoring and guidance to the Network. The Monitoring Committee shall be chaired by the Borrower's

Minister responsible for finance and its members shall include representatives of other concerned ministries, of the Network and of Banque Centrale des Etats de l'Afrique de l'Ouest. In the event of a disagreement between ANAC-CI and the CMU, the Monitoring Committee shall be called to give its advice.

(b) ANAC-CI shall be primarily responsible for defining the overall policy of the Network. Accordingly, ANAC-CI shall provide guidance to the CMU and delegate part of its management powers to it.

(c) The Borrower shall cause ANAC-CI to establish and thereafter maintain the Central Management Unit (CMU) responsible for the daily management of the Project. The CMU shall oversee activities undertaken at the level of the DRs, determine in agreement with ANAC-CI the closing and opening of CREPs, design training programs, implement publicity and awareness campaigns at the national level, collect and centralize data and statistics of the Network, and undertake financial and administrative inspection of CREPs to ensure the appropriate management of excess liquidity and compliance with prudential ratios.

The CMU shall be staffed at all times with personnel in adequate numbers, including a Project Director and a training specialist, all with qualifications and experience satisfactory to the Association.

2. At the Regional Level

The Borrower shall cause ANAC-CI to establish and thereafter maintain a Delegation Regionale of the Network (DR) in each of the following six regions: Korhogo, Gagnoa, Bouake, Man, Abidjan-Est and Abidjan-Ouest. With respect to Part B of the Project, the DRs shall provide supervision and support to CREPs in the geographical area of their competence.

Each DR shall be staffed with a coordinator, two regional promoters and two controllers, all with qualifications and experience satisfactory to the Association, and support staff in adequate numbers.

3. At the Local Level

The Statement of Operational Policies of the Network adopted by ANAC-CI, approved by the Borrower, and found acceptable by the Association, shall govern CREPs activities, in particular their opening, closing and savings and loans operations.

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 \$300,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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 a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On

the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the 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; 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 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 paragraph 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.

