

CONFORMED COPY

CREDIT NUMBER 2266 SE

(Transport Sector Adjustment/Investment Credit)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 22, 1991

CREDIT NUMBER 2266 SE

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 22, 1991, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter, dated June 25, 1990, from the Borrower describing a program of actions, objectives and policies designated to improve the efficiency of the Borrower's transport sector (hereinafter called the Program) and declaring the Borrower's commitment to the execution of the Program;

(B) the Borrower, having committed itself to the execution of the Program and 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 of urgently needed imports required during the execution of the Program;

(C) the Borrower has contracted, or intends to contract, from United Nations Development Program, European Development Fund, African Development Bank, West African Development Bank, Islamic Development Bank, West African Development Fund, Agency for Air

Navigation Safety, the Government of Italy, Canadian International Development Association, Caisse Centrale de Cooperation Economique and Fonds d'Aide et de Cooperation loans to assist in financing the Project;

(D) The Borrower intends to obtain from the Government of Finland Development Agency (FINNIDA) a credit in an amount of Finnish Marks (FMKs 20,000,000) (the FINNIDA Credit) to assist in the financing of the Program on the terms and conditions set forth in a bilateral agreement (the FINNIDA Credit Agreement) to be entered into between the Borrower and FINNIDA;

(E) Part of the Project will be carried out by Societe Nationale de Chemins de Fer du Senegal (SNCS) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to SNCS part of the proceeds of the Credit as provided in this Agreement; 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 and in the Project Agreement of even date herewith between the Association and SNCS;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

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

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

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

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

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

(b) "CFAF" and "CFA Francs" mean the currency of the Borrower;

(c) "Special Accounts, Special Account A, Special Account B" mean the accounts referred to in Section 2.02 (b) of this Agreement;

(d) "METL" means the Borrower's Ministry of Equipment Transport and Housing;

(e) "DTP" means the Directorate of Public Works within METL;

(f) "BERM" means the Bureau of Road Maintenance and Equipment within METL;

- (g) "DTT" means the Directorate of Land Transport within METL;
- (h) "CPTP" means the Public Works Training Center within METL;
- (i) "SNCS" means the Societe Nationale de Chemins de Fer du Senegal, a societe nationale, established under the laws of Senegal;
- (j) "PAD" means the Societe Nationale du Port Autonome de Dakar, a societe nationale, established under the laws of Senegal;
- (k) "ASECNA Senegal" means the agency established by the Agency for Air Navigation Safety for the operations in Senegal, carried out under Art. 10 of the Convention de Dakar, dated October 25, 1974;
- (l) "AIR SENEGAL" means the Societe Nationale de Transport Aerien (SONATRA AIR SENEGAL);
- (m) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and SNCS pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time;
- (n) "PAD Implementation Agreement" means the agreement to be entered into by the Borrower and PAD in accordance with the provisions of Section 3.01 (c) of this Agreement;
- (o) "ASECNA Implementation Agreement" means the agreement to be entered into by the Borrower and ASECNA Senegal in accordance with the provisions of Section 3.01 (d) of this Agreement;
- (p) "AIR SENEGAL Implementation Agreement" means the agreement to be entered into by the Borrower and AIR SENEGAL in accordance with the provisions of Section 3.01 (e) of this Agreement;
- (q) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated October 4, 1986 and April 15, 1987, between the Borrower and the Association;
- (r) "FY" means the fiscal year of the Borrower: (i) starting on July 1, 1991 and ending on December 31, 1992 in the case of fiscal year 1992; and (ii) starting on January 1 and ending on December 30 thereafter;
- (s) "Road Management Bureau" means the unit to be established in accordance with paragraph 3 of Schedule 6 to this Agreement; and
- (t) "FINNIDA Credit Account" means the account established by FINNIDA for the purposes of the FINNIDA Credit.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to forty-nine million nine hundred thousand Special Drawing Rights (SDR 49,900,000).

Section 2.02. (a) The amount of the Credit and the FINNIDA Credit may be withdrawn from the Credit Account and the FINNIDA 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: (i) goods and services required for the activities described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit; and (ii) goods imported during the execution of the

Program and to be financed out of the proceeds of the Credit and the FINNIDA Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF two special deposit accounts: one in its Central Bank (Special Account A) and the other in a commercial bank (Special Account B) 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 Accounts 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, 1997 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 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 April 15 and October 15 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 April 15 and October 15 commencing October 15, 2001 and ending April 15, 2031. Each installment to and including the installment payable on April 15, 2011 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy,

modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

### 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, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall: (i) carry out Parts A and E of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices and in accordance with such technical norms as shall be acceptable to the Association; (ii) cause SNCS to perform in accordance with the provisions of the Project Agreement all the obligations of SNCS therein set forth, and shall not take or permit to be taken any action which would prevent or interfere with such performance; (iii) cause PAD, ASECNA Senegal and AIR SENEGAL to carry out Parts C, D.1 and D.2, respectively, in accordance with the PAD Implementation Agreement, the ASECNA Implementation Agreement and the AIR SENEGAL Implementation Agreement, respectively; and (iv) shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources required for the Project.

(b) The Borrower shall make available to SNCS part of the proceeds of the Credit to SNCS under a subsidiary loan agreement to be entered into between the Borrower and SNCS, under terms and conditions which shall have been approved by the Association and which shall include that: (i) the proceeds of the Credit withdrawn from Category (2) (a) of the table in paragraph 1 of Schedule 1 be lent with a repayment period of 16 years following a grace period of 4 years and an interest rate of 8% per annum; and (ii) the proceeds withdrawn from Category (3) (b) be made available as a grant.

(c) For the purpose of carrying out Part C of the Project, the Borrower shall enter in an agreement with PAD (the PAD Implementation Agreement) under terms and conditions, which shall have been approved by the Association which shall include the making available by the Borrower to PAD of the proceeds of the Credit withdrawn from Category (3) (c) as a grant.

(d) For the purpose of carrying out Part D.1 and Part D.2 (b) of the Project, the Borrower shall enter in an agreement with ASECNA Senegal (the ASECNA Implementation Agreement) under terms and conditions, which shall have been approved by the Association which shall include the making available by the Borrower to ASECNA Senegal of the proceeds withdrawn from Category (3) (d) as a grant.

(e) For the purpose of carrying out Part D.2 (a) of the

Project, the Borrower shall enter in an agreement with AIR SENEGAL (the AIR SENEGAL Implementation Agreement) under terms and conditions, which shall have been approved by the Association which shall include the making available by the Borrower to AIR SENEGAL of the proceeds withdrawn from Category (3) (e) as a grant.

(f) The Borrower shall exercise its rights under the Subsidiary Loan Agreement, the PAD Implementation Agreement, the ASECNA Implementation Agreement and the AIR SENEGAL Implementation 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 Loan Agreement, the PAD Implementation Agreement, the ASECNA Implementation Agreement and the AIR SENEGAL Implementation Agreement or any provision thereof.

(g) 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 Part A of the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) The Borrower and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 4 to this Agreement.

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

Section 3.03. Except as the Association shall otherwise agree, procurement of the goods, 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 3.04. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part B of the Project shall be carried out by SNCS pursuant to Section 2.03 of the Project Agreement.

Section 3.05. By October 31, 1991, the Borrower shall submit to the Association for review a report on personnel management policies of DTP.

Section 3.06. By October 31 of each year during execution of the Project, the Borrower shall submit to the Association the report on the progress made and future objectives to be attained regarding the program for scrapping uneconomic equipment of DTP.

Section 3.07. The Borrower shall take all necessary actions to ensure that:

(a) 60% of total routine maintenance works shall be carried out by contractors during FY 1994;

(b) 75% of total routine maintenance works shall be carried out by contractors during FY 1995; and

(c) adequate funds will be made available for road maintenance in accordance with the mechanism referred to in Section 6.01 (d) of this Agreement.

Section 3.08. Before creation of any urban transport authority for the region of Dakar, the Borrower shall submit to the Association for comment and approval a description of the proposed responsibilities of such authority.

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 Parts A and C through E of the Project of the departments or agencies of the Borrower responsible for carrying out Parts A and C through E of 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 Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account or the FINNIDA Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) The Borrower shall cause PAD, ASECNA Senegal and AIR SENEGAL to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations and financial condition of PAD, ASECNA Senegal and AIR SENEGAL.

(b) The Borrower shall cause PAD, ASECNA Senegal and AIR SENEGAL:

- (i) to have the records, accounts and financial statements (balance sheets, statements of income

and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

- (ii) to 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 its financial statements for such year as so audited; and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) to furnish to the Association such other information concerning such records, accounts, financial statements and the audit thereof as the Association shall from time to time reasonably request.

#### 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) SNCS shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that SNCS will be able to perform its obligations under the Project Agreement.

(c) The legislative and regulatory texts concerning SNCS shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SNCS to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SNCS, PAD, ASECNA Senegal or AIR SENEGAL or for the suspension of their operations.

(e) A situation has arisen which shall make it improbable that the Program, 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 events are specified:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and

(b) any of the events specified in paragraphs (c) and (d) 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 Subsidiary Loan Agreement has been executed on behalf of the Borrower and SNCS;



(b) the Implementation Agreements have been executed on behalf of the Borrower on the one side, and on behalf of PAD, ASECNA Senegal and AIR SENEGAL, respectively, on the other;

(c) the Borrower has appointed an overall Project coordinator with qualifications and experience, acceptable to the Association;

(d) the Borrower has made adequate allocations in its FY1991 budget for road maintenance, has published an arrcte instituting a mechanism for the timely provision of funds for road maintenance under terms acceptable to the Association, has opened an account in a commercial bank for the purpose of advancing funds exclusively for the purpose of road maintenance and has deposited into such account an initial amount of at least 350 million CFAF;

(e) the Borrower has published an arrcte specifying the organizational responsibility for contracting and supervision of periodic and routine maintenance works, acceptable to the Association;

(f) the overall tariffs of SNCS have been increased to levels acceptable to the Association;

(g) the financial restructuring of SNCS has been implemented and is acceptable to the Association;

(h) the Borrower has signed contrat-plans with SNCS, PAD and AIR SENEGAL, respectively acceptable to the Association, and such contrat-plans became effective; and

(i) the Borrower has furnished to the Association for review model contracts for the different types of routine road maintenance works to be carried out under the Project by contractors.

Section 6.02. The following are specified as additional matters, 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:

(a) that the Project Agreement has been duly authorized or ratified by SNCS, and is legally binding upon SNCS in accordance with its terms; and

(b) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and SNCS and is legally binding upon the Borrower and SNCS 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 responsible for finance of the Borrower 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:

Ministcre de l'Economie et des Finances  
Rue Charles Laine  
B.P. 4017  
Dakar  
Senegal

Cable address:

Telex:

MINIFINANCES  
Dakar

3203G

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.

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

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 SENEGAL

By /s/ Ibra Degucne KA  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo  
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 and the FINNIDA Credit, the allocation of the amounts of the Credit and the FINNIDA 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)	Amount of the FINNIDA Credit Allocated (Expressed in FMKs)	% of Expendi- tures to be Financed
(1) (a) Road rehabilit- itation and periodic maintenance works under Part A of the Project	17,300,000		67%
(b) Office reha- bilitation works under Part A of the Project	460,000		45%

(c) Office equipment, didactic equipment and spare parts for Part A of the Project	600,000		65%
Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	Amount of the FINNIDA Credit Allocated (Expressed in FMKs)	% of Expenditures to be Financed
(2) (a) Materials and equipment for railway track rehabilitation	2,700,000		85%
(b) Office and teaching equipment under Part B of the Project	400,000		65%
(3) Consultants' services and training under:			
(a) Part A.3 of the Project	6,500,000		80%
(b) Part B.5 of the Project	1,150,000		80%
(c) Part C.3 and C.4 of the Project	460,000		80%
(d) Part D.2 (b) of the Project	315,000		80%
(e) Part D.2 (a) of the Project	315,000		80%
Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	Amount of the FINNIDA Credit Allocated (Expressed in FMKs)	% of Expenditures to be Financed
(4) Project Coordination Unit (2 vehicles, office equipment, salaries and travel allowances)	500,000		80%
(5) Goods imported during the execution of	11,500,000	20,000,000	100% of foreign expenditures

the Program

(6) Refunding of Project Preparation Advance	1,200,000		Amount due pursuant to Section 2.02 (c) of this Agreement
(7) Unallocated	6,500,000		
	<hr/>	<hr/>	
TOTAL	49,900,000	20,000,000	
	=====	=====	

2. For the purposes of this Schedule 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.

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

(a) in respect of payments made for expenditures prior to the date of this Agreement except that withdrawals: (i) in an aggregate amount not exceeding the equivalent of SDR 2,500,000, may be made in respect of Categories (2) (a), (3) (b), (3) (c) and (3) (e) an account of payments made for expenditures before that date but after October 1, 1989; and (ii) in an aggregate amount not exceeding the equivalent of SDR 1,500,000, may be made in respect of Category (5) on account of payments made for expenditures before that date but after October 1, 1990;

(b) in respect of payments made for expenditures in respect of Category 5 to be financed out of the proceeds of the FINNIDA Credit unless all conditions precedent to the effectiveness of the FINNIDA Credit Agreement have been fulfilled;

(c) in respect of payments made for expenditures in respect of Category (1) unless the Borrower has adopted statutes for CPTP acceptable to the Association; and

(d) under Category (5) for:

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

Group	Sub-group	Description of Items
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semi-precious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), non-irradiated for nuclear reactors
Group	Sub-group	Description of Items

897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)
	(ii)	expenditures for goods procured under contracts costing less than \$5,000 equivalent;
	(iii)	expenditures for goods supplied under a contract which any national or international financing institution or agency other than the Association shall have financed or agreed to finance;
	(iv)	expenditures for goods intended for a military or para-military purpose or for luxury consumption; and
	(v)	expenditures in excess of an aggregate amount equivalent to SDR 2,300,000 for petroleum products and 2,300,000 for foodstuffs.

4. No withdrawal shall be made and no commitment shall be entered into to pay amounts to or on the order of the Borrower in respect of expenditures to be financed out of Category (5):

(a) after the aggregate of the proceeds of the Credit withdrawn from the Credit Account under Category (5) of paragraph 1 above, and the total amount of such commitments shall have reached the equivalent of SDR 1,500,000 unless the Association shall be satisfied, after the exchange of views as described in Section 3.02 (a) of this Agreement: (i) with the progress achieved by the Borrower in the carrying out of the Program; (ii) that the actions described in Part A of Schedule 4 to this Agreement have been taken and are satisfactory to the Association; and (iii) that the macro-economic policy framework of the Borrower is consistent with the objectives of the Program; and

(b) after the aggregate of the proceeds of the Credit withdrawn from the Credit Account under Category (5) of paragraph 1 above, and the total amount of such commitments shall have reached the equivalent of SDR 6,500,000 unless the Association shall be satisfied, after the exchange of views as described in Section 3.02 (a) of this Agreement: (i) with the progress achieved by the Borrower in the carrying out of the Program; (ii) that the actions described in Part B of Schedule 4 to this Agreement have been taken and are satisfactory to the Association; and (iii) that the macro-economic policy framework of the Borrower is consistent with the objectives of the Program.

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

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower in improving sectoral efficiency and rehabilitating and maintaining essential transport infrastructure.

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: Road Sub-Sector

1. Strengthening of about 860 km of paved roads, periodic maintenance of about 2,065 km of paved roads and about 1,300 km of gravel roads, and routine maintenance of about 9,000 km of the priority network.
2. Acquisition of light vehicles, acquisition of traffic counting equipment, measuring equipment for supervision of road maintenance works, computing and office equipment for DTP and DTT and training aids and rehabilitation of equipment for CPTP.
3. Setting up the Road Management Bureau to strengthen DTP capacity in road network management, strengthening BERM in periodic and routine maintenance management procedures, strengthening DTT in modernizing road transport administration and road safety improvement, and strengthening CPTP in developing and delivering training programs designed to increase capabilities in programming, contracting, and supervision of works in DTP, and capabilities for works execution by small and medium contractors.
4. Rehabilitation of DTT office facilities and CPTP offices and classrooms.

Part B: Railway Sub-sector

1. (a) Track renewal on the Thics-Tivavouane (22 km) section.  
(b) Repair of the main line track from Tambacounda to Kidira (180 km).  
(c) Track renewal on the section between Pk 271 and Tambacounda.  
(d) Track renewal (including points, turn outs, and signalling over about 1.5 km) of the 2 main tracks of the Dakar passenger station outlet.  
(e) Installation of a multi-pair cable on the Thics-Tivavouane section.  
(f) Installation of a ground train radio link system on the Thics-Tambacounda section.  
(g) Maintenance of the track network and signals by contractors.
2. (a) Acquisition of spare parts needed for the overhaul of locos.  
(b) Installation of an under-floor wheel reshaping lathe.  
(c) Rehabilitation of the Dakar depot in charge of maintenance of locos.  
(d) Acquisition and installation of a 100-ton rail crane.  
(e) Acquisition of 25 second hand wagons.
3. (a) Construction of a loop and a service station in the Bel Air marshalling yard.  
(b) Construction of marshalling facilities in Thics.  
(c) Installation of automatic weighing machines at the south and north outlet of the port of Dakar.  
(d) Rehabilitation of selected train station buildings.

(e) Construction of wells for drinking water supply of selected train stations.

(f) Adaptation of existing buildings for the purposes of a training center.

4. Acquisition of computers, furniture, tools and didactic equipment for the training center.

5. (a) Upgrading of the course lecture notes in the technical areas and training of trainers of SNCS.

(b) Strengthening of the capacity of SNCS's management in operation, marketing, cost accounting and information services.

(c) Scholarships for management level staff to attend short-term management courses and seminars.

Part C: Port Sub-Subsector

1. (a) Improvement of rail and road access to the container terminal, and provision of fill surfaces to provide for additional space for storage in the port of Dakar.

(b) Minor rehabilitation works of aprons and roads within the port of Dakar and demolition of storage sheds.

(c) Major rehabilitation of the utility networks (water, electricity and telecommunications) in the port of Dakar.

2. Renewal of 2 pilot launches and 1 berth launch, acquisition of service vehicles, fire detection and firefighting equipment, tools and spare parts.

3. (a) Implementation of a long-term development plan for data processing systems including provision of computer equipment and specialized software programs.

(b) Reorganization of PAD maintenance activities.

(c) Establishment of a rehabilitation program for buildings, civil works, and equipment.

(d) Improvement of PAD manpower planning and development.

(e) Training of senior management of PAD.

4. (a) A master plan study for the long-term development of the port of Dakar.

(b) A study on the future role of the secondary ports.

Part D: Civil Aviation Subsector

1. (a) Lengthening, widening and strengthening of the runway of the regional airport of Cap Skirring.

(b) Lengthening and strengthening of the runway and aircraft maneuvering areas of the regional airport of Ziguinchor.

(c) Rehabilitation of the runway 04-22 for the use of smaller aircraft at the airport of Dakar-Yoff.

(d) Acquisition and installation of new baggage handling equipment at the airport of Dakar-Yoff.

(e) Acquisition of firefighting vehicles and materials for selected regional airports.

(f) Acquisition and installation of electronic aids and communications equipment to replace deficient existing navigation aids in selected regional airfields.

(g) Acquisition and installation of electricity generating equipment for the operation of equipment under Part D.1 (f) above.

2. (a) Preparation of an action plan for financial and operational rehabilitation of AIR SENEGAL and a study to analyze and make recommendations with respect to the most suitable aircraft fleet for AIR SENEGAL based on a realistic market assessment.

(b) A study to examine airport management and ASECNA Senegal's financial, budgeting and management structure, preparation of an action plan for their improvement, and implementation thereof.

Part E: General Imports

Urgently needed imports required during the execution of the Program.

\* \* \*

The Project is expected to be completed by June 30, 1997.

### SCHEDULE 3

#### Procurement and Consultants' Services

Section I. Procurement of Goods and Works for Part A through D of the Project

Part A: International Competitive Bidding

1. Except as provided in Part C 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).

2. Bidders for the works included in Part A of the Project shall be prequalified as described in paragraph 2.10 of 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 Senegal 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. Civil works estimated to cost less than the equivalent of \$2,500,000, up to an aggregate of \$13,000,000 equivalent, and goods estimated to cost less than the equivalent of \$200,000, up to an aggregate of \$500,000 equivalent, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Goods estimated to cost less than \$60,000, up to an aggregate of \$2,000,000, equivalent 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.

3. Spare parts and accessories, which are of proprietary nature, may be purchased, upon approval by the Association and up to an aggregate of \$1,500,000, directly from the sole producer or distributors of any such spare part or accessories.

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 estimated to cost the equivalent of \$300,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Accounts, 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 Accounts 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 Accounts, 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 subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals 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 in carrying out the Project, consultants shall be employed whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

## Section III. Procurement of Goods not covered under Section I of this Schedule

1. Contracts for the procurement of goods estimated to cost the equivalent of \$2,000,000 or more each shall be awarded through international competitive bidding in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines), subject to the following modifications:

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

### "2.8 Notification and Advertising

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

- (i) a notice in the United Nations publication, Development Forum, Business Edition; or
- (ii) an advertisement in a newspaper, periodical or technical journal of wide international circulation; or
- (iii) a notice to local representatives of countries and territories referred to in the Guidelines, that are potential suppliers of the goods

required."

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

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

(c) Paragraphs 2.55 and 2.56 of the Guidelines are deleted.  
2. Contracts for the procurement of goods estimated to cost the equivalent of less than \$2,000,000 shall be awarded:

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

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

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

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

4. With respect to each contract referred to in paragraph 2 of this Section, the Borrower shall furnish to the Association, prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect thereof, such documentation and information as the Association may reasonably request to support withdrawal applications in respect of such contract. Where payments under a contract are to be made out of the proceeds of a Special Account, the documentation and the information to be furnished to the Association pursuant to the provisions of this paragraph shall be furnished to the Association as part of the evidence required under paragraph 4 of Schedule 5 to this Agreement.

5. The provisions of the preceding paragraph 4 of this Section shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure.

#### SCHEDULE 4

Actions Referred to in Paragraph 4 (b) and (c)  
of Schedule 1 to this Agreement

Part A: For the purpose of second tranche release

1. The Borrower has provided satisfactory evidence that the funds allocated for road maintenance in the Finance Law 1992 have actually been used for that purpose, has made adequate allocations in its FY

1993 budget for road maintenance and has deposited an adequate amount into the account in accordance with Section 6.01 (d) of this Agreement.

2. The Borrower has provided evidence satisfactory to the Association, establishing that:

(a) all periodic maintenance works and 20% of all routine maintenance works in the road sub-sector have been carried out by contractors; and

(b) payment delays of the Borrower vis-  
-vis such  
contractors do not exceed three months.

3. The Borrower and SNCS are in compliance with their respective obligations under the SNCS contrat-plan.

4. The Borrower and PAD are in compliance with their respective obligations under the PAD contrat-plan.

5. PAD has revised its tariff structure in a manner satisfactory to the Association.

6. The Borrower and AIR SENEGAL are in compliance with their respective obligations under the AIR SENEGAL contrat-plan.

Part B: For the purpose of third tranche release

1. The Borrower has provided satisfactory evidence that the funds allocated in the Finance Law 1993 for road maintenance have actually been used for that purpose, has made adequate allocations in its FY 1994 budget for road maintenance and has deposited an adequate amount into the account in accordance with Section 6.01 (d) of this Agreement.

2. The Borrower has provided evidence satisfactory to the Association, establishing that:

(a) all periodic maintenance works and 50% of all routine maintenance works in the road sub-sector have been carried out by contractors; and

(b) payment delays of the Borrower vis-  
-vis such  
contractors do not exceed three months.

3. The Borrower and SNCS are in compliance with their respective obligations under the SNCS contrat-plan.

4. The Borrower and PAD are in compliance with their respective obligations under the PAD contrat-plan.

5. The Borrower and AIR SENEGAL are in compliance with their respective obligations under the AIR SENEGAL contrat-plan.

6. An action plan for financial and operational rehabilitation of ASECNA Senegal has been prepared and ASECNA Senegal has started its implementation.

#### SCHEDULE 5

##### Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Category (5), in the case of Special Account A and Categories (1) through (3) in the case of Special Account B, as 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 Category in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to CFAF 600,000,000 in the case of Special Account A and an amount equivalent to CFAF 150,000,000 in the case of Special Account B, to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Accounts 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 Accounts have been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Accounts 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 in the respective Special Account such amount or amounts as the Borrower shall have requested.

- (b) (i) For replenishment of the Special Accounts, the Borrower shall furnish to the Association requests for deposits into the Special Accounts 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 respective 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 respective Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

(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 Accounts as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the respective 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 Accounts 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 Accounts 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 Accounts.

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

#### SCHEDULE 6

##### Implementation Program

##### Project Coordination

1. During execution of the Project the Borrower shall employ, at all times, an overall project coordinator within METL with adequate qualifications and experience, responsible for liaison with co-donors, and support of executing agencies in procurement, disbursement, documentation and reporting.

2. By September 30, 1991, the Borrower shall establish, and thereafter maintain, a project coordination unit to assist the project coordinator with terms of reference acceptable to the Association.

##### Road Management Bureau

3. By December 31, 1991, the Borrower shall establish, and thereafter maintain, the Road Management Bureau with a mandate satisfactory to the Association.

##### DTT Staffing

4. By October 31, 1991, the Borrower shall appoint division chiefs for all divisions within DTT, with experience and qualifications acceptable to the Association.

##### Annual Work Programs

5. (a) By July 31 of each year during execution of the Project, the Borrower shall submit to the Association an annual work program specifying all activities to be carried out under Part A of the Project; such annual work programs to be of such scope and in such detail as the Association shall reasonably request.

(b) By August 31 of each year during execution of the Project, the Borrower shall submit to the Association a report on the execution of the annual work program carried out during the preceding year; such report to include all works carried out to assist collectivites publiques.

6. The Borrower shall take all necessary measures to ensure that all works carried out to assist collectivites publiques:

(i) shall be carried out by a special brigade; and

(ii) shall not exceed, during any FY of execution of the Project, the aggregate of 200 million CFAF.

#### Periodic Road Maintenance

7. The Borrower shall apply a methodology, acceptable to the Association, for the evaluation and selection of maintenance operations under the Project.

#### Routine Maintenance

8. The Borrower shall select routine maintenance operations to be carried out under the Project in accordance with priority criteria, acceptable to the Association.

