

**CONFORMED COPY**

**LOAN NUMBER 7139-AL**

# **Loan Agreement**

**(Urban Natural Hazard Vulnerability Reduction  
in The Wilaya of Algiers Project)**

**between**

**PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated October 29, 2002**

**LOAN NUMBER 7139-AL**

**LOAN AGREEMENT**

AGREEMENT dated October 29, 2002, between the PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan 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 Loan and Guarantee Agreements for Fixed-Spread Loans" of the Bank, dated September 1, 1999 (the General Conditions) constitute an integral part of this Agreement.

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

- (a) "Affected Peoples" means the peoples affected by the Floods;
- (b) "ANRH" and "Agence Nationale des Ressources Hydrauliques" mean the Borrower's agency in charge of water works, established by Decree 81-167 of July 25 1981 as amended from time to time;
- (c) "Banque d'Algérie" means the Borrower's central bank, operating pursuant to the Borrower's Law 90-10 of April 14, 1990, and any successor thereto;
- (d) "BAD" and "Banque Algérienne de Développement" mean the Borrower's Algerian Development Bank established and operating under the Borrower's Ordinance No 71-47, dated June 30, 1971, and any successor thereto;

(e) “CCSP” and “Cellule de Coordination et de Suivi du Projet” mean the Project coordination unit to be established and thereafter maintained in accordance with the provisions of paragraph 1(b) of Schedule 4 to this Agreement;

(f) “DGPC” and “Direction Générale de la Protection Civile” mean the Directorate of Civil Protection within the Ministry of Interior and Local Collectivities and any successor thereto;

(g) “Disbursed Amount” means, in respect of each Interest Period, the aggregate principal amount of the Loan withdrawn from the Loan Account in said Interest period;

(h) “EMF” and “Environmental Management Framework” mean the environmental management framework, referred to in paragraph 1 (h) of Schedule 4 defining the set of mitigation, enhancement, monitoring and institutional measures, adopted by the Borrower on 26 May 2002, and to be taken during Project implementation to eliminate, offset or reduce to acceptable levels any adverse environmental impacts or enhance positive impacts of the Project activities, as the same may be amended from time to time with the Bank’s prior approval;

(i) “Floods” means the floods that took place in November 2001 in the Wilaya (as this term is hereinafter defined) of Algiers;

(j) “FMR” means the Financial Monitoring Report to be prepared in accordance with Section 4.02 of this Agreement;

(k) “Implementing Agency” means any of DGPC, ANRH, NMO and the Wilaya of Algiers, and “Implementing Agencies” means more than one Implementing Agency;

(l) “Inspectorate of the Environment” means the inspectorate in charge of environmental protection in the territory of the Wilaya of Algiers and established by the Ministry of Environment and Land Planning and referred to in Schedule 4 paragraph 1 (j) to this Agreement;

(m) “ISC” means the Interministerial Steering Committee established by the Borrower pursuant to the provisions of paragraph 1 (a) of Schedule 4 to this Agreement;

(n) “Maturity Fixing Date” means, for each Disbursed Amount, the date on which the amortization schedule of said Disbursed Amount is established, such date being the first day of the Interest Period next following the Interest Period in which said Disbursed Amount is withdrawn;

(o) “NMO” means the Borrower’s National Meteorological Office established by the Decree 98-258 of August 25, 1998 and any successor thereto;

(p) “Office of Conservation of Forests” means an office in charge of the management and conservation of the forests in the territory of the Wilaya of Algiers and established by the Ministry of Agriculture and any successor thereto, and referred to in Schedule 4 paragraph 1 (j) to this Agreement;

(q) “Project Area” means the Flood-affected areas of the Wilaya of Algiers;

(r) “PIM” means the Borrower’s Project Implementation Manual, a manual referred to in Schedule 4 Para 1 (d) to this Agreement as the same may be amended from time to time with the Borrower and the Bank’s prior approval;

(s) “RPF” and “Resettlement Policy Framework” mean the Borrower’s policy framework referred to in Para 1 (f) of Schedule 4 to this Agreement defining resettlement principles and objectives, institutional arrangements, and design criteria to be applied to resettlement of any Project Affected Peoples under the Project, dated May 26, 2002, and as the same may be amended from time to time with the Bank’s prior approval;

(t) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement.

(u) “Wali” means the governor of a Wilaya as this term is hereinafter defined; and

(v) “Wilaya” means a local collectivity, organized as administrative unit of the Borrower’s Government pursuant to the Borrower’s Law 90-09 dated April 7, 1990 related to the Wilaya, as the same may be amended from time to time.

## **ARTICLE II**

### **The Loan**

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount equal to eighty eight million four hundred fifty thousand Dollars (\$88,450,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works, services and training required for the Project and in respect of the front-end fee referred to in Section 2.04 of this Agreement, to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in Dollars a special deposit account in the Banque d'Algérie on terms and conditions satisfactory to the Bank. 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 February 28, 2007, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a front-end-fee in an amount equal to one percent (1%) of the amount of the Loan. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of said front-end-fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at the rate of: (i) eighty five one-hundredths of one percent (0.85) per annum from the date on which such charges commence to accrue in accordance with the provisions of Section 3.02 of the General Conditions, to but not including the fourth anniversary of such date; and (ii) seventy five one-hundredths of one percent (0.75) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time in respect of each Interest Period at the Variable Rate; provided that upon a Conversion of all or any portion of the principal amount of the Loan, the Borrower shall, during the Conversion Period, pay interest on such amount in accordance with the relevant provisions of Article IV of the General Conditions.

Section 2.07. Interest, commitments and other charges shall be payable semiannually in arrears on April 15 and October 15 in each year.

Section 2.08. (a) Subject to the provisions of paragraph (b) of this Section, the Borrower shall repay each Disbursed Amount of the Loan in semiannual installment payable on each April 15 and October 15, the first such installment to be payable on the eleventh (11<sup>th</sup>) Interest Payment Date following the Maturity Fixing Date for said Disbursed Amount and the last such installment to be payable on the twenty fourth (24<sup>th</sup>) Interest Payable Date following the Maturity Fixing Date for said Disbursed Amount. Each installment, except the last one shall be equal to one fourteenth (1/14<sup>th</sup>) of said Disbursed Amount. The last installment shall be equal to the remaining outstanding amount of said Disbursed Amount.

(b) Notwithstanding the provisions of paragraph (a) of this Section, if any one or more installments of principal of any Disbursed Amount would, pursuant to the provisions of such paragraph (a), be payable after April 15, 2018, the Borrower shall also pay on such date the aggregate amount of all such installments.

(c) The Bank shall notify the Borrower of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for said Disbursed Amount.

(d) Notwithstanding the provisions of paragraphs (a) through (c) of this Section, in the event of a Currency Conversion of all or any portion of a Disbursed Amount to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by the Bank under the Currency Hedge Transaction relating to said Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

Section 2.09. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; and (ii) a change in the interest rate basis applicable to all or any portion of the principal amount of the loan from a Variable Rate to a Fixed Rate, or vice versa.

(b) Any Conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in Section 2.01 (7) of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions of the Conversion Guidelines

(c) Without limitation upon the provisions of paragraph (a) of this Section, the Borrower and the Bank hereby agree that unless otherwise notified by the Borrower in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be changed from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and the Conversion Guidelines.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate financial, technical, administrative and environmental 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 Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

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

Section 3.03. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Borrower shall:

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

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

## ARTICLE IV

### Financial Covenants

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

(b) The Borrower shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each fiscal year audited, in accordance with auditing standards acceptable to the Bank, consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited; and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan 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 separate accounts reflecting such expenditures;
- (ii) retain, until at least one (1) year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank'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) Without limitation upon the Borrower's progress reporting obligations set out in Schedule 3 to this Agreement, the Borrower shall prepare and furnish to the Bank a Financial Monitoring Report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Grant, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and previously forecast implementation targets; and
- (iii) sets forth the status of procurement under the Project as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Bank not later than 45 days after the end of the first calendar quarter after the effective date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Bank not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Termination**

Section 5.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## ARTICLE VI

### Representative of the Borrower; Addresses

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Finance  
Immeuble Maurétania  
Place de Pérou  
Algiers 16000  
People's Democratic Republic of Algeria

Cable address:	Telex:	Facsimile:
FINPLAN	67073	(213) 21 736440

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI); or 64145 (MCI)	(202) 477-6391

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

PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA

By /s/ Abdelhak Bedjaoui

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Theodore Ahlers

Acting Regional Vice President  
Middle East and North Africa

## SCHEDULE 1

### Withdrawal of the Proceeds of the Loan

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

	<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be Financed</u>
(1)	Goods	6,300,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost); and 70% of expenditures for other locally procured goods
(2)	Works:		
	(a) Housing	60,500,000	80% of expenditures
	(b) other works	14,500,000	60% of expenditures
(3)	Consultant's Services	3,756,000	80% of local expenditures for services of consultants domiciled within the territory of the Borrower and 62% of foreign expenditures for services of consultants not domiciled within the territory of the Borrower
(4)	Training	210,000	80% for training in local expenditures and 100% of foreign expenditures for training abroad.
(5)	Front-end-fee	884,500	Amount due under Section 2.04 of this Agreement

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be Financed</u>
(6) Unallocated	<u>2,299,500</u>	
TOTAL	<u>88,450,000</u>	

2. For the purposes of this Schedule the terms:

“foreign expenditures” means expenditures in the currency of any country other than that of the Borrower for goods, services and works supplied from the territory of any country other than that of the Borrower; and

“local expenditures” means expenditures in the currency of the Borrower for goods, works and services supplied from the territory of the Borrower;

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding three million (\$3,000,000), may be made on account of payments made for expenditures before that date but after June 1, 2002;

4. The Bank may require withdrawals from the Loan Account to be made on the basis of Statements of Expenditure (SOE) for expenditures under: (a) goods under contracts costing less than \$250,000 equivalent; (b) works under contracts costing less than \$500,000; (c) services of consulting firms costing less than \$100,000 equivalent per contract; and (d) services provided by individual consultants costing less than \$50,000 per contract, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

## **SCHEDULE 2**

### **Description of the Project**

1. The objective of the Project is to assist the Borrower to respond to the Floods by: (i) strengthening its national capacity for disaster management; and (ii) reducing urban vulnerability to natural hazards.

2. The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

#### Part A: Disaster Management Capacity Building

(a) strengthening the capacities of NMO, ANRH, and NDCP in the area of disaster management through the provision of goods, consultants' services and training;

(b) developing an integrated early warning system;

(c) carrying out a study of the meteorological events that have led to the Floods;

(d) carrying out an integrated study of vulnerability reduction strategy of the Bouzareah massif; and

(e) carrying out a study of urban vulnerability reduction of the Wilaya of Algiers outside the Massif of Bouzareah.

#### Part B: Emergency Physical Works

(a) building flood storage basins and drainage structures in the Oued Koriche watershed;

(b) reconstruction of embankments and slopes protection in the Bouzareah massif ;

(c) reforestation in the Massif of Bouzareah; and

(d) construction of housing and other social and cultural facilities for the resettlement of Affected Peoples.

Part C: Project Management

Facilitating the implementation and management of Project activities by CCSP and Implementing Agencies through the provision of technical advisory services, training and the acquisition of goods.

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The Project is expected to be completed by September 30, 2006.

### **SCHEDULE 3**

#### **Procurement**

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

###### Part A: General

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

###### Part B: International Competitive Bidding

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

(a) Grouping of Contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$500,000 equivalent or more each, and contracts for works shall be grouped in bid packages estimated to cost \$2,000,000 equivalent or more each.

(b) Preference for Domestically Manufactured Goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

###### Part C: Other Procurement Procedures

###### 1. National Competitive Bidding

(a) Works estimated to cost less than \$5,000,000 equivalent per contract up to an aggregate amount not to exceed \$80,000,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines and paragraph (c) below.

(b) Goods estimated to cost less than \$500,000 equivalent per contract up to an aggregate amount not to exceed \$1,000,000 may be procured under contracts awarded



in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines and paragraph (c) below.

(c) contracts of goods and works procured under the National Competitive Bidding procedure shall comply with the following:

- (i) Any prospective bidder from a country eligible under the Guidelines who propose to provide goods produced in or services supplied from any such country shall be eligible to bid for such contracts.
- (ii) Tenders will be advertised with no less than thirty (30) days for bid preparation.
- (iii) Government owned enterprises shall be eligible provided they are legally and financially autonomous, operate under commercial law, and are not selected or hired by the supervising or reporting authority, and will be subject to the same bid and performance security requirements as other bidders.
- (iv) Bidders will be allowed to deliver their bid by hand or by mail.
- (v) Bids shall be opened in public. The time for the bid opening shall be the same as for the deadline for receipt of bids or promptly thereafter.
- (vi) Prospective bidders shall be allowed to submit two envelopes provided the two envelopes are opened at the same time.
- (vii) Bids shall be evaluated based on price and on other criteria disclosed in the bid documents and quantified in monetary terms, and no provision for preferential treatment for national companies shall be applied.
- (viii) The contract shall be awarded to the bidder having submitted the lowest evaluated responsive bid, and no negotiation shall take place.

2. International/National Shopping

Goods estimated to cost less than \$100,000 equivalent per contract up to an aggregate amount not to exceed \$1,000,000 may be procured under contracts awarded on the basis of international/national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Small Works

Works estimated to cost less than \$250,000 equivalent per contract, up to an aggregate amount not to exceed \$1,500,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

With respect to: (i) each contract for the procurement of goods and estimated to cost the equivalent of \$250,000 or more; (ii) each contract for the procurement of works and estimated to cost the equivalent of \$500,000 or more; (iii) the first two contracts for the procurement of works under Part C.1 of this Section, and estimated to cost less than \$500,000; (iv) the first two contracts procured under Part C.2 of this Section, and (v) the first two contracts procured under Part C.3 of this Section, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers," published by the Bank in January 1997 and

revised in September 1997 and in January 1999 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

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

Part C: Other Procedures for the Selection of Consultants

1. Individual Consultants

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

2. Quality-Based Selection

Services for the Project estimated to cost less than \$200,000 per contract up to an aggregate amount not to exceed \$1,000,000 shall be procured under contract awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

3. Least-cost Selection

Services of a routine nature, including audits and engineering design of simple works the Project estimated to cost less than \$200,000, up to an aggregate amount not to exceed \$1,500,000 may be procured in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

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

1. Selection Planning

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

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more the procedures set forth in paragraphs 1, 2 and (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

(c) Notwithstanding the provisions of Part D.2 (a) and (b) of this Section, prior review and approval by the Bank of terms of reference shall be required to award any contract for consultant services.

3. Post Review

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

## SCHEDULE 4

### Implementation Schedule

1. The Borrower shall, all in accordance with the conditions, terms, procedures and timetable set forth in the Project Implementation Manual:

(a) establish and thereafter maintain during the life of the Project an Inter-ministerial Steering Committee, under the chairmanship of the Ministry of Interior and Local Collectivities, and including representatives of: (i) the Ministry of Finance; (ii) the Ministry of Housing and Urban Planning; (iii) the Ministry of Water Resources; (iv) the Ministry of Environment and Planning; (v) the Ministry of Agriculture; (vi) the Ministry of Transportation; and (vii) Wilaya of Algiers to oversee the implementation of the Project and advise the CCSP on Project implementation issues;

(b) establish and thereafter maintain within the Wilaya of Algiers a CCSP with staffing, organization and adequate resources, headed by a Coordinator with rank, qualifications, authority and responsibilities, all under terms of reference satisfactory to the Bank, to: (i) coordinate the implementation of Project activities by all Implementing Agencies, (ii) assist Implementing Agencies through technical advices on matters related to Project implementation, including procurement and disbursement; and (iii) report on the financial and technical aspects of Project implementation.

(c) without limitations or restrictions upon paragraph 1 (a) above, the Borrower shall cause: (i) the NMO, DGPC and ANRH to carry out all activities under Part A (a) of the Project; (ii) the NMO to carry out all activities under Part A (b) and (c) of the Project; and (iii) the Wilaya of Algiers to carry out activities under Part A (d) and (e), Part B of the Project and Part C of the Project.

(d) The Borrower shall carry out the Project in accordance with the Project Implementation Manual which shall, inter alia, describe the following: (i) Project description and activities; (ii) institutional arrangements for Project implementation, including description of the status of Implementing Agencies, their roles, responsibilities and functions with respect to Project implementation and monitoring; (iii) procurement procedures including the Borrower's model bidding documents prepared in accordance with the Guidelines and submitted to prior review and non-objection of the Bank; such model documents shall be used for all procurement of goods and works; (iv) disbursement procedures, (v) financial management mechanisms and procedures; (vi) social, environmental, resettlement and re-housing guidelines applicable to Project activities consistent with the EMF and the RPF; (vii) Project Implementation Plan detailing timeline of key activities and procurement plans; (viii) performance indicators for all components; (ix) information disclosure; and (x) outline terms of reference for all major activities to be financed under the Project.

(e) The Borrower shall not amend or waive, except as otherwise agreed upon between the Borrower and the Bank, any provision of the PIM.

(f) The Borrower shall, with respect to Part B (d) of the Project, ensure:

- (i) that all land required for the implementation of Part B (d) of the Project will be acquired in accordance with the procedures and conditions set forth in the RPF, and all peoples affected by the acquisition of such land will be resettled in accordance with the provisions of the RPF satisfactory to the Bank;
- (ii) that activities of such resettlement shall be prepared by incorporating the principles, rules and procedures set forth in the RPF, including those on information disclosure; and
- (iii) that such resettlement activities shall be furnished to the Bank for its review and approval on a timely manner in accordance with the procedures set forth in the RPF.

(g) The Borrower shall, with respect to Part B (a), (b) and (c) of the Project, ensure that no works will be commenced unless and until a resettlement plan has been so approved by the Bank in accordance with the terms, conditions and procedures set forth in the RPF; and

(h) The Borrower shall carry out the Project in accordance with the provisions and guidelines described in the Environmental Management Framework and, without any limitation thereto, shall take timely action to ensure that any adverse environmental impact of the Project is effectively mitigated in a manner satisfactory to the Bank, including information disclosure and consultation as appropriate.

(i) The Borrower shall not amend, modify or otherwise waive any provision of the EMF unless the Bank so agrees.

(j) Without limitations or restrictions upon Paragraph (h) above, the Borrower shall cause: (i) the CCSP to provide the Inspectorate of the Environment and the Office of Conservation of Forests with equipment under Part C of the Project to allow them to carry out their activities as described in the EMF; and (ii) the Wilaya of Algiers to provide training and technical assistance to the Inspectorate of the Environment and the Office of Conservation of Forests under Part A (d) of the Project to allow them to carry out their activities as described in the EMF.

2. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank and

the terms of the PIM, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about January 30, 2003, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by March 30, 2004, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section and thereafter, take all measures required to ensure the efficient completion of the Project and the achievements of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

## **SCHEDULE 5**

### **Special Account**

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1), (2) (a), (2) (b), (3) and (4), 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, works and services required for the Project and to be financed out of the proceeds of the Loan 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 \$6,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$3,000,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$10,000,000.

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

3. After the Bank 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 Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan 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 Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank 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 Bank shall, on behalf of the Borrower, withdraw from the Loan 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 Bank from the Loan Account under the 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 Bank shall reasonably request, furnish to the Bank 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 Bank shall not be required to make further deposits into the Special Account:

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

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

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

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank 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 Bank 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 Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank 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 Bank 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 Bank, refund to the Bank such outstanding amount.

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

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