

CONFORMED COPY

CREDIT NUMBER 2924 BEN

Development Credit Agreement

(Transport Sector Investment Program)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 6, 1996

CREDIT NUMBER 2924 BEN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 6, 1996, between the REPUBLIC OF BENIN (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received a letter, dated January 31, 1996, from the Borrower describing a program of actions, objectives and policies designed to implement the Borrower's medium-term (1997-2001) priority investment program for its transport sector (the Program) and declaring the Borrower's commitment to the execution of the Program;

(C) Part A of the Project will be carried out by the Borrower's Autonomous Port Authority, the Port Autonome de Cotonou (PAC), with the Borrower's assistance and, as part of such assistance, the Borrower shall make a portion of the proceeds of the Credit available to PAC as provided for in this Agreement;

(D) Part D.2 of the Project will be carried out by the Agence d'Execution des Travaux Urbains (AGETUR) with the Borrower's assistance and, as part of such assistance, the Borrower shall make a portion of the proceeds of the Credit available to AGETUR as provided for in this Agreement; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

- (a) The last sentence of Section 3.02 is deleted.
- (b) The second sentence of Section 5.01 is modified to read:

"Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

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) "MTPT" means Ministre des Travaux Publics et desdes Transports, the Borrower's Ministry responsible for transportation and public works;
- (b) "DROA" means Direction des Routes et Ouvrages d'Aart, the department within MTPT responsible for roads and public works;
- (c) "AGETUR" means Agence d'Excution des Travaux Urbains, a non-profit association established by the Borrower's Ministerial Letter No. 1087/MISPAT/DC/DAI/SI, dated October 18, 1990, as an agency responsible for the execution of public works in the Borrower's urban areas and whose membership includes the Borrower;
- (d) "PAC" means Port Autonome de Cotonou, the Borrower's Port Authority established by the Borrower's law Number 64-39, dated December 31, 1964, and reorganized by the Borrower's Ordonnance Number 76-55, dated October 11, 1976;
- (e) "Program Coordination Committee" means the committee established by the Borrower's Decret No. 96-449 to coordinate the implementation of the Program;
- (f) "Program Coordination Committee" means the committee established by the Borrower's Decret No. to coordinate the implementation of the Program;
- (g) "PAC Project Agreement" means the agreement between the Association and PAC of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the PAC Project Agreement;
- (h) "PAC Subsidiary Agreement" means the agreement to be entered into between the Borrower and PAC pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the PAC Subsidiary Agreement;
- (i) "AGETUR Project Agreement" means the agreement between the Association and AGETUR of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the AGETUR Project Agreement;
- (j) "PAC Subsidiary Agreement" means the agreement to be entered into between the Borrower and PAC pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the PAC Subsidiary Agreement;
- (k) "AGETUR AGETUR Project Agreement" means the agreement between the Association and AGETUR of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the AGETUR Project Agreement;
- (l) "AGETUR Subsidiary Agreement" means the agreement to be entered into between the Borrower and AGETUR pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the

AGETUR Subsidiary Agreement;

(m) "Cotonou Traffic Unit" means the unit established within the municipality of Cotonou by the Circonscription Urbaine of Cotonou on February 1, 1996, for the purposes of developing and implementing traffic management plans for the City of Cotonou;

(n) "Road Fund" means the fund the statutes of which are governed by the Borrower's Decree number 96-373, dated August 29, 1996, for the purpose of financing the routine and periodic maintenance of roads in the territory of the Borrower;

(o) "Road Fund Project Account" means the Account referred to in Section 3.06 (a) (i) of this Agreement;

(p) "AGETURAGETUR Project Account" means the Account referred to in Section 3.06 (b) (i) of this Agreement;

(q) "Project Implementation Manual" means the manual of procedures to be adopted by the Borrower, PAC and AGETUR pursuant to Section 6.01 (ed) of this Agreement;

(r) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower, pursuant to an exchange of letters, dated September 26, 1996 and October 14, 1996, between the Borrower and the Association;

(s) "Special Account" means any of the accounts referred to in Section 2.02 (b) of this Agreement; and

(t) "CFA Francs" and "CFAF" mean the currency of the Borrower.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to twenty seven million five hundred thousand Special Drawing Rights (SDR 27,500,000).

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

(b) The Borrower may, for the purposes of the Project, open and maintain in CFAFdollars three special deposit accounts (the PAC Special Account for Part A of the Project, the MTPT Special Account for Parts B, C, D.1, D.3 and D.4 of the Project and the AGETUR Special Account for Part D. 2 of the Project) in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special 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, 2001, 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 canceledcancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

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

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on January 15 and July 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 January 15 and July 15, commencing January 15, July 1, 2006 and ending July 15, 2036. Each installment to and including the installment payable on July 15, 2016, 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.

Section 2.09. (a) PAC is designated as representative of the Borrower, in respect of Part A of the Project, for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

Section 2.09. (a) PAC is designated as representative of the Borrower in respect of Part A of the Project for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

(b) AGETUR is designated as representative of the Borrower in respect of Part D.2 of the Project for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V 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 set forth in Schedule 2 to this Agreement, and, to this end, shall:

(i) carry out Parts B, C, D.1, D.3 and D.4 of the Project through MTPT with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, environmental and technical practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for such Parts of the Project;

(ii) without limitation or restriction upon any of its other obligations under this Agreement: (A) cause PAC to perform in accordance with the provisions of the PAC Project Agreement all the obligations of PAC therein set forth; (B) take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable PAC to perform such obligations; and (C) not take or permit to be taken any action which would prevent or interfere with such performance; and

(iii) without limitation or restriction upon any of its other obligations under this Agreement: (A) cause AGETUR to perform in accordance with the provisions of the AGETUR Project Agreement all the obligations of AGETUR therein set forth; (B) take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable AGETUR to perform such obligations; and (C) not take or permit to be taken any action which would prevent or interfere with such performance.

(b) For the purposes of Part A of the Project, the Borrower shall, under a subsidiary agreement to be entered into between the Borrower and PAC (the PAC Subsidiary Agreement) and on terms and conditions which shall have been approved by the Association including, but not limited to, those hereinafter set forth:

(i) transfer the proceeds of the Credit allocated from time to time to Categories (1) (a) and (3) (a) of the table in paragraph 1 of Schedule 1 to this Agreement, up to an aggregate amount equivalent to \$1,900,000, to PAC as an equity contribution; and

(ii) thereafter relend the proceeds of the Credit allocated from time to time to Categories (1) (a) and (3) (a) of the table in paragraph 1 of Schedule 1 to this Agreement to PAC: (A) at an interest rate of 7.1% per annum; (B) the principal to be repaid in 30 years, including a grace period of five years; and (C) the principal amount of the loan repayable by PAC being the equivalent in dollars of the currency or currencies withdrawn from the Credit Account in respect of the above-mentioned Categories, such equivalent to be determined as of the date or respective dates of repayment.

(c) For the purposes of Part D.2 of the Project, the Borrower shall, under a subsidiary agreement to be entered into between the Borrower and AGETUR (the AGETUR Subsidiary Agreement) and on terms and conditions which shall have been approved by the Association, transfer the proceeds of the Credit allocated from time to time to Categories (1) (d), (3) (d) and (4) (b) of the table in paragraph 1 of Schedule 1 to this Agreement to AGETUR as a grant.

(d) The Borrower shall exercise its rights under the PAC Subsidiary Agreement and the AGETUR Subsidiary 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, shall not assign, amend, abrogate or waive the PAC Subsidiary Agreement or the AGETUR Subsidiary Agreement or any provision thereof.

(e) 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 Parts B, C, D.1, D.3 and D.4 of the Project and cause PAC and AGETUR to carry out Parts A and Part D.2 of the Project, respectively, in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

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

this Agreement.

Section 3.03. The Borrower and the Association hereby agree that: (a) the obligations set forth in Sections 9.03 through 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: (i) Part A of the Project shall be carried out by PAC pursuant to Section 2.03 of the PAC Project Agreement; and (ii) the obligations set forth in Section 9.03 through 9.07 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports and maintenance, respectively) in respect of Part D.2 of the Project shall be carried out by AGETUR pursuant to Section 2.03 of the AGETUR Project Agreement.

Section 3.04. For the purposes of Section 9.01 of the General Conditions, and without limitations thereto, the Borrower shall:

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

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

Section 3.05. Without limitation upon its obligations under Section 3.01 (a) of this Agreement, the Borrower shall carry out all the routine maintenance of roads provided for in the Program and, to this end, shall:

(a) provide in its annual budget in each year during the carrying out of the Project, amounts sufficient to cover the cost of such routine maintenance of roads;

(b) deposit into the Road Fund Project Account, not later than April in each year, during the implementation of the Project: (i) all funds collected by the Borrower from road users on behalf of the Road Fund during the previous three-month period; and (ii) an additional amount of at least one hundred and fifty million CFA Francs (CFAF 150,000,000) or such greater amount as may be required for the purposes of such maintenance of roads; and

(c) ensure that amounts deposited into the Road Fund Project Account shall be used only to make payments to meet expenditures made or to be made in respect of the reasonable cost of routine road maintenance.

Section 3.06. The Borrower shall:

(a) (i) (a) open and thereafter maintain for the duration of the Project, in CFAF, in a bank acceptable to the Association and on terms and conditions acceptable to the Association, a project account (the Project Account) the Road Fund Project Account for the purposes of Parts B, C, D.1 and D.3 of the Project) in a bank acceptable to the Association and on terms and conditions acceptable to the Association; and

(ii) (b) deposit into the Project Account Road Fund Project Account, an initial amount of CFAF seventy million CFA Francs (CFAF 70,000,000);

(b) (i) cause AGETUR to open, and thereafter maintain for the duration of the Project, in CFAF, in a bank acceptable to the Association and on terms and conditions acceptable to the Association, an account (the AGETUR Project Account) for the purposes of Part D.2 of the Project; and

(ii) deposit into the AGETUR Project Account, an initial amount of CFAF fifteen million CFA Francs (CFAF 15,000,000); and

(c) thereafter deposit into the the Road Fund Project Account Project Account and the AGETUR Project Account, not later than January 15, April 15, July 15 and October 15 in each year and subject to such modifications as the Borrower and the Association may agree upon, the amount necessary to replenish the project accounts to the initial amounts referred to in the preceding paragraphs (a) (ii) and (b) (ii), respectively.

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 B, C, D.1, D.3 and D.4 of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof and of the Road Fund.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Accounts audited for each fiscal year, 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 (6) months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

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

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

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

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out;

(b) PAC or AGETUR shall have failed to perform any of their obligations under the PAC Project Agreement or the AGETUR Project Agreement, respectively;

(c) as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that PAC or AGETUR will be able to perform their obligations under the PAC Project Agreement or the AGETUR Project Agreement, respectively;

(d) Decrees Number 96-216 and Number 96-217, dated May 31, 1996, of the Borrower shall have been amended, suspended, abrogated, repealed or waived so as to

affect materially and adversely the ability of PAC to perform any of its obligations under the PAC Project Agreement;

(e) the statutes and the procedure manual governing the operation of AGETUR shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of AGETUR to perform any of its obligations under the AGETUR Project Agreement;

(f) the Borrower's Decree Number 96-373, dated August 29, 1996 governing the operation of the Road Fund shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the management of the Road Fund, or the Borrower or any other authority having jurisdiction shall have taken any action for the disestablishment of the Road Fund or for the suspension of the activities financed by the Road Fund; and

(g) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of PAC or AGETUR or for the suspension of their operations.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) any event specified in paragraph (b) 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 event specified in paragraphs (d), (e), (f) and (g) 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 this Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the PAC Subsidiary Agreement has been executed on behalf of the Borrower and PAC;

(b) the AGETUR Subsidiary Agreement has been executed on behalf of the Borrower and AGETUR;

(c) the Borrower has taken the initial steps agreed upon with the Association for the reorganization of DROA;

(d) the structure of the office in charge of the Road Fund has been reorganized in the manner agreed upon between the Borrower and the Association;

(e) the Management Committee Board of Directors of the Road Fund has met at least once;

(f) the Borrower, through an interministerial Arrt, and PAC and AGETUR have adopted a manual (the Project Implementation Manual), satisfactory to the Association, specifying, inter alia, Project performance indicators and procedures, environmental guidelines and other arrangements for implementing the Project; and

(g) the Borrower has appointed an external auditor in accordance with the provisions of Section II of Schedule 3 to this Agreement, for the purpose of auditing the Project accounts.

(h) the Borrower has appointed an external auditor in accordance with the provisions of Section II of Schedule 3 to this Agreement, for the purpose of auditing the Project accounts.

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 PAC Project Agreement has been duly authorized or ratified by PAC, and is legally binding upon PAC in accordance with its terms;

(b) that the PAC Subsidiary Agreement has been duly authorized or ratified by the Borrower and PAC, and is legally binding upon the Borrower and PAC in accordance with its terms;

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

(d) that the AGETUR Subsidiary Agreement has been duly authorized or ratified by the Borrower and AGETUR, and is legally binding upon the Borrower and AGETUR in accordance with its terms.

(e) that the AGETUR Subsidiary aAgreement has been duly authorized or ratified by the Borrower and AGETUR and is legally binding upon the Borrower and AGETUR 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

Representatives of the Borrower; Addresses

Section 7.01. Except as provided for in Section 2.09 of this Agreement, the Minister of the Borrower responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministre des Finances
B.P. 302
Cotonou,
Benin

Cable address:

MINFINANCES
Cotonou

Telex:

5009 or 5289 MINFIN

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

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

REPUBLIC OF BENIN

By /s/ Lucien Tounoukouin

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jean-Louis Sarbib

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works under:		
(a) Part A.1 of the Project	2,300,000	90%
(b) Parts B.1, B.2 and D.1 of the Project	13,000,000	85%
(c) Part C.1 of the Project	1,150,000	90%
(d) Part D.2 of the Project	1,200,000	90%
(2) Vehicles and equipment under Parts B.6 and D.4 of the Project	550,000	85%
(3) Consultants' services and training under:		
(a) Parts A.2 and A.3 of the Project	1,050,000	100%
(b) Part B.5 of the Project	1,000,000	85%
(c) Parts B.3, B.4, C.2, D.1 and D.4 of the Project	4,000,000	100%
(d) Part D.2 of the Project	600,000	100%
(4) Operating costs of AGETUR Service Contract	100,000	100%
(5) Refunding of Project Preparation Advance	350,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(6) Unallocated	22,200,000	
TOTAL	27,500,000	

2. For the purposes of this Schedule, the term "AGETUR Service Contract operating costs" means the expenditures incurred for the payment of AGETUR's services, incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, vehicle operation, travel and supervision costs but excluding salaries of officials of the Borrower's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; (b) payments made for expenditures under Category (1) (c) until the Borrower has furnished to the Association evidence, satisfactory to the Association, that it has established a technical council to be responsible for the supervision of the pilot road rehabilitation works described under Part C.1 of the Project with functions and organization acceptable to the Association; and (c) payments made for expenditures (i) under Category (1) (b) until the initial deposit referred to in Section 3.06 (a) (ii) of this Agreement has been made into the Road Fund Project Account, and (ii) under Category (1) (d) until the initial deposit referred to in Section 3.06 (b) (ii) of this Agreement has been made into the AGETUR Project Account.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) civil works and, goods and services of consulting firms under contracts not exceeding \$200,000 equivalent, (b) for services of consulting firms under contracts not exceeding \$100,000 equivalent, and (c) services of individual consultants under contracts not exceeding \$50,000 equivalent, and (c) all operating costs, all under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to contribute to the implementation of the Program through maintaining and rehabilitating infrastructure in ports and roads in the territory of the Borrower and through strengthening the management and financial capabilities of the agencies and institutions responsible for facilities and services in the Borrower's transport sector.

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

Part A: Port of Cotonou Operations and Maintenance

1. Carrying out the works provided for in the Program to rationalize use of space within the Port of Cotonou, including:

(a) construction of dedicated space for customs inspection of containers and for automotive repair and handling; and

(b) paving of selected heavily-trafficked areas within the port.

2. Provision of staff training and technical advisory services to:

(a) staff of PAC to improve their operating efficiency and their financial management and cost-accounting abilities including training in the use of the computer software product known as Portware; and

(b) management staff of MTPT in order to strengthen the capacity of MTPT to prepare and implement strategies to facilitate the operation of the Borrower's ports and to develop and implement mechanisms to ensure user participation in the preparation of such strategies.

3. management staff of MTPT in order to strengthen the capacity of MTPT to prepare and implement strategies to facilitate the operation of the Borrower's ports and to develop and implement mechanisms to ensure user participation in the preparation of such strategies.

4. Strengthening the capacity of PAC to develop and update its priority port investment programs through the provision of technical advisory services and staff training.

Part B: Road Repair, Maintenance, Safety and Network Management

1. Carrying out the works provided for in the Program for the rehabilitation and repair of roads, including:

(a) elimination of earth network trouble spots covering about 1,066 kilometers of unpaved roads;

(b) repair of bridges and carrying out drainage works on about 850 kilometers of priority unpaved roads; and

(c) improvements to safety at locations of frequent accidents on the paved network; and

(d) rehabilitation of office space used by DROA.

2. Carrying out the periodic maintenance (regravelling) of about 600 km of priority unpaved roads provided for in the Program.

3. Carrying out studies, and provision of technical advisory services and training of staff of MTPT in order to increase the Borrower's effectiveness in:

(a) annual updating and management of of the Program;

(b) transport licensing;

(c) works-contract management;

(d) bridge and drainage works maintenance;

(e) heavy equipment operation;

(f) data collection; and

(g) management of human resources.

4. Carrying out a transport safety support program including:

(a) conducting studies, and providing training to personnel of the National Center for Roads Safety and of MTPT;

(b) acquisition of equipment for processing road safety data;

(c) development of procedures for defining works to eliminate high accident locations;

(d) revision of road traffic rules;

(e) improvement of accident reporting procedures and of procedures for enforcing vehicle weight limits and other traffic rules; and

(f) development of measures to encourage user participation in accident reduction actions.

5. Strengthening the implementation capacity of local small- and medium- scale enterprises in order to enhance their execution of roads maintenance and repair through:

(a) establishment of a bureau charged with strengthening small- and medium-sized construction enterprises;

(b) provision of training to small and medium- scale entrepreneurs;

(c) carrying out of studies on the improvement of the private sector regulatory environment; and

(d) establishment of a semi-public equipment pool for use by small- and medium- scale entrepreneurs.

6. Acquisition of vehicles and equipment.

Part C: Rural Roads Rehabilitation and Maintenance

1. Rehabilitation of about 300 kilometers of rural roads in collaboration with selected local communities, including those of Cibly, Adjohoun, Banikoara, as a pilot effort to assist the Borrower in defining its strategy for the rehabilitation of rural roads.

2. Development of a pilot, locally-operated rural roads maintenance program to assist communities in the collection of funds, public education and the mobilization of volunteer road maintenance crews.

Part D: Urban Road Improvements and Traffic Management

1. Carrying out a program of major road rehabilitation to improve road safety and traffic conditions in the City of Cotonou, including redesign of high accident and heavily congested intersections on main roads.

2. Provision of separate lanes for two-wheeled vehicles on heavily-traveled routes and renovation of three main bus and truck stations.

3. Acquisition of equipment and vehicles for use by the Cotonou Traffic Unit.

4. Carrying out studies on the traffic management in the city of Cotonou, including: (a) development and implementation of a traffic management plan for the City of Cotonou; (b) development and implementation of a management plan for bus and truck stations in the City of Cotonou; and (c) development and implementation of procedures to ensure urban user participation in the development and implementation of the programs and plans described in this Part D of the Project.

* * *

The Project is expected to be completed by December 31, 2010.

SCHEDULE 3

Procurement and Consultants' Services

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 1996 (the Guidelines) and the following provisions of this Section, as applicable.

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. Preference for Domestically Manufactured Goods and Domestic Contractors

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 and works to be carried out by domestic contractors procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

3. Pre-Shipment Inspection

Goods procured in accordance with this Part B shall be exempt from pre-shipment inspection for price.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Works estimated to cost less than \$500,000 equivalent per contract, up to an aggregate amount not to exceed \$13,000,000 equivalent, and goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$140,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines.

Procurement of all goods and works shall be undertaken in accordance with such procurement plan, as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for works or goods estimated to cost the equivalent of \$200,000 or more, 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

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions 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 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Association shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to: (a) the employment of consulting firms under contracts estimated to cost less than \$100,000 equivalent each, or (b) the employment of individuals under contracts estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior review by the Association shall not apply to: (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Association, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

SCHEDULE 4

Implementation Program

1. Overall Coordination.

The Borrower Coordination

The Borrower, PAC and AGETUR shall implement their respective Parts of the Project, in accordance with the procedures set out in the Project Implementation Manual, and, except as the Association shall otherwise agree, the Borrower, PAC and AGETUR shall not amend, abrogate or waive any provision thereof which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.

The Borrower shall maintain a Project Coordinator with experience and terms of reference, satisfactory to the Association, who The Project Coordination Committee shall be responsible for the overall coordination of the Project including, inter alia, overseeing sector policy reform and ensuring the smooth functioning of the Road Fund.

2. Quarterly Reports.

The Borrower, PAC and AGETUR shall prepare and furnish to the Association through the Project Coordinator for its review and comments, quarterly reports on the progress of Project implementation for their respective parts of the Project, including: supervision reports; monitoring of the performance indicators set out in the Project Implementation Manual; a statement of commitments entered into and disbursements made under the Project; a statement of the deposits made into the Road Fund and of the expenditures therefrom; and progress on civil works, acquisition of goods, technical studies and institutional accomplishments.

3. Annual Reviews.

The Borrower and, where appropriate, PAC shall:

(a) not later than October 31 in each year, furnish to the Association for its review and comments: (i) the Borrower's draft updated five- year priority road investment program, including road maintenance; (ii) the Borrower's draft annual work program and training program and supporting budget for its road sector (including the road works to be carried out under Part B of the Project) for the succeeding calendar year; (iii) PAC's draft updated five year priority port investment program and its updated financial projections based on the principles and format set out in the Project Implementation Manual; and (iv) PAC's draft annual training program and supporting budget for the succeeding calendar year;

(b) not later than November 30 in each year: (i) review with the Association the documents referred to in paragraph (a) above; (ii) identify implementation issues and propose appropriate solutions; and (iii) where necessary, update Project timetables and performance indicators accordingly;

(c) not later than December 31 in each year, furnish to the Association the investment programs, annual work and training programs and supporting budgets referred to in paragraph (a) above of this Section, as such programs and budgets shall have been revised, to the satisfaction of the Association, in the course of the review referred to in paragraph (b) hereof and, except as the Association shall otherwise agree, carry out the Project in the year in question on the basis of the said programs and budgets as so revised; not later than April 30 in each year, furnish to the Association evidence satisfactory to the Association, that it has carried out the routine road maintenance provided for in the Program for the previous year; and

(d) not undertake any new investment in its road sector not specified in the Program without prior consultation with the Association.

(e) For the purposes of the paragraph (a) (iii) hereto, and except as the Association shall otherwise agree, no investment shall be included in PAC's priority port investment program unless it is estimated to have an economic rate of return of at least 12%, as measured using the principles, criteria and methodology set out in the Project Implementation Manual.

4. Midterm Review.

(a) The Borrower shall, not later than 30 months after the Effective Date and not earlier than 24 months after the Effective Date, carry out, jointly with the Association, PAC and AGETUR, a review (hereinafter referred to as the Midterm Review) of the progress made in the carrying out of the Project.

(b) The Midterm Review shall cover, inter alia: (i) overall progress made in the Project implementation, including the extent to which the development and other objectives of the Project have been achieved; (ii) the implementation of measures designed to strengthen the financial reporting, monitoring, accounting and auditing capabilities of PAC, AGETUR and the different agencies of the Borrower involved in the implementation of the Project; (iii) the performance of PAC, AGETUR and MTPT as executing agencies for their respective parts of the Project; (iv) the adequacy of the Borrower's (counterpart) funding and of the level of budgetary allocations and actual expenditure for routine and periodic road and Cotonou port maintenance; (v) the working of the Road Fund; and (vi) the need to redesign or restructure any Project

components experiencing implementation difficulties.

(c) Not later than one month prior to the Midterm Review, the Borrower shall, through MTPT, furnish to the Association, for its review and comments, a report covering items specified in paragraph (b) above, including an evaluation of the progress achieved in complying with Project implementation pursuant to the terms of this Agreement, and recommendations resulting from the studies conducted under the Project.

(d) Promptly after completing such review, the Borrower shall carry out the recommendations emanating from the said review, as agreed between the Borrower and the Association.

5. Part B of the Project.

(a) For the purposes of Part B.3 (g) of the Project, the Borrower shall take the further steps agreed upon with the Association for the reorganization of DROA and the steps agreed upon with the Association relating to road maintenance, by July 31, 1997 carry out the reorganization action plan for DROA set out in the Project Implementation Manual.

(b) For the purposes of Part B.5 (b) of the Project, the Borrower shall, through MTPT, enter into agreements acceptable to the Association with each medium and small scale entrepreneur setting out the rights of each party and providing, inter alia, for the obligation of the entrepreneur to contribute to 15% of the cost of the training to be provided to such entrepreneur.

6. Part C of the Project.

(a) The Borrower shall not commence any work under Part C.1 of the Project in an area, until the beneficiary community has carried out all the manual routine and periodic road maintenance work in the area and has undertaken at least 15% of the road rehabilitation work needed to be carried out in the area.

(b) For the purposes of Part C.1 of the Project, the Borrower shall, through MTPT, enter into an Agreement with the authorized representatives of each beneficiary community. The terms of the Agreement shall be satisfactory to the Association and shall include MTPT obtaining rights adequate to protect the interests of the Borrower and the Association.

7. Part D of the Project.

(a) For the purposes of Part D.4 of the Project, the Borrower shall, by March 31, 1997, furnish to the Association a traffic management plan for the City of Cotonou prepared in accordance with procedures set out in the Project Implementation Manual.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means, in the case of the PAC Special Account, Categories (1) (a) and 3 (a); in the case of the MTPT Special Account, Categories (1) (b), (1) (c), (2), (3) (b) and (3) (c); and in the case of the AGETUR Special Account, Categories (1) (d), (3) (d) 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 and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means the amount, to be withdrawn from the Credit Account and deposited into each Special Account pursuant to paragraph 3 (a) of this Schedule, being equal to equivalent, in the case of the PAC Special Account, to CFAF 125,000,000, in the case of MTPT Special Account, to CFAF 500,000,000, and in the case of AGETUR Special Account, to CFAF 75,000,000; provided, however, that unless the Association shall otherwise agree, the Authorized Allocation for:

(i) the PAC Special Account shall be limited to an amount equivalent to CFAF 75,000,000 until the aggregate amount of withdrawals, from

the Credit Account allocated to Categories (1) (a) and (3) (a) plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of Part A of the Project, shall be equal to or exceed the equivalent of SDR 750,000; and

(ii) the MTPT Special Account shall be limited to an amount equivalent to CFAF 300,000,000 until the aggregate amount of withdrawals, from the Credit Account allocated to Categories (1) (b), (1) (c), (1) (d), (2), (3) (b) and (3) (c), plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of Parts B, C, D.1, D.3 and D.4 of the Project, shall be equal to or exceed the equivalent of SDR 3,000,000;

(iii) the AGETUR Special Account shall be limited to an amount equivalent to until the aggregate amount of withdrawals from the Credit Account allocated to Categories (1) (e), (3) (d) and (4), plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to Part D.2 of the Project shall be equal to or exceed the equivalent of and

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

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

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

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

(ii) Prior to, or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the 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 a 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 a Special Account:

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

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

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

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Special Account, 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 respective Authorized Allocations.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for the Special Account in question 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 such Special Account as of the date of such notice will be utilized in making payments for eligible expenditures under such categories.

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

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

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

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

[Redacted]