

CONFORMED COPY

CREDIT NUMBER 3656 IVC

Development Credit Agreement

(Economic Recovery Credit)

between

REPUBLIC OF COTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 13, 2002

CREDIT NUMBER 3656 IVC

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 13, 2002, between REPUBLIC OF COTE D'IVOIRE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received from the Borrower a letter dated May 14, 2002, describing a program of actions, objectives and policies designed to achieve the recovery

of the Borrower's economy (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during the execution thereof; and

(B) on the basis, inter alia, of the foregoing, the Association has decided in support of the Program to provide such assistance to the Borrower by making the Credit in three tranches as hereinafter provided;

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 (as amended through October 6, 1999) with the modifications thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 12, is modified to read:

"'Project' means the program, referred to in the Preamble to the Development Credit Agreement, in support of which the Credit is made.";

(b) Section 4.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, withdrawals from the Credit Account shall be made in the currency of the deposit account specified in Section 2.02 of the Development Credit Agreement.";

(c) Section 5.01 is modified to read:

"The Borrower shall be entitled to withdraw the proceeds of the Credit from the Credit Account in accordance with the provisions of the Development Credit Agreement and of these General Conditions";

(d) The last sentence of Section 5.03 is deleted;

(e) Section 9.06 (c) is modified to read:

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

purposes of the Credit.”; and

(f) Section 9.04 is deleted and Sections 9.05, 9.06 (as modified above), 9.07 and 9.08 are renumbered, respectively, Sections 9.04, 9.05, 9.06 and 9.07.

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) “ARCC” means *Autorité de Régulation du Secteur Café/Cacao*, an agency established and operating pursuant to Decree No. 2000-651 dated October 10, 2000 of the Borrower;

(b) “BCC” means *Bourse du Café et du Cacao*, an agency established and operating pursuant to Decree No. 2001-667 dated July 25, 2001 of the Borrower;

(c) “Budgetary Allocations” means allocations for expenditures to be financed out of the Borrower’s own internal resources;

(d) “CAA” means “*Caisse Autonome d’Amortissement*”, a public enterprise established and operating pursuant to Decree No. 98-11 dated January 14, 1998 of the Borrower ;

(e) “CFAF” or “CFA Franc” means the currency of the Borrower;

(f) “CIDT-Nouvelle” means *Compagnie Ivoirienne de Développement des Textiles*”, a public enterprise established and operating pursuant to Decree No. 74-282 dated June 20, 1974 and Decree No. 2000-616 dated August 23, 2000 of the Borrower;

(g) “COGES” means *Comité de Gestion*, an administrative entity in charge of the management of a health or education facility under the tutelage of the Borrower’s Ministries of Health and Education;

(h) “Deposit Account” means the account referred to in Section 2.02 (b) of this Agreement;

(i) “Euro” means the currency of the French Republic;

(j) “FDPCC” means *Fonds de Développement des Producteurs de Café et Cacao*, a fund established and managed in accordance with the provisions of Law No. 2001-512 dated August 28, 2001 of the Borrower;

(k) “First Tranche” means the Tranche (as hereinafter defined) of the proceeds of the Credit to be released by the Association on or after the Effective Date;

(l) “FRC” means *Fonds de Régulation et de Contrôle*;

(m) “IEP” means *Inspection d’Enseignement Primaire*;

(n) “LDP” means the Letter of Development Policy referred to in paragraph (A) of the Preamble to this Agreement;

(o) “Second Tranche” means the Tranche (as hereinafter defined) of the proceeds of the Credit to be released by the Association on or after the date on which the conditions referred to in Section 2.02 (d) of this Agreement have been met;

(p) “Third Tranche” means the Tranche (as hereinafter defined) of the proceeds of the Credit to be released by the Association on or after the date on which the conditions referred to in Section 2.02 (e) of the Agreement have been met; and

(q) “Tranche” means either the First Tranche, the Second Tranche, or the Third Tranche.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to one hundred and sixty million two hundred thousand Special Drawing Rights (SDR 160,200,000).

Section 2.02. (a) Subject to the provisions of paragraphs (b), (c), (d) and (e) of this Section, the Borrower shall be entitled to withdraw the proceeds of the Credit from the Credit Account in support of the Program.

(b) The Borrower shall open, prior to furnishing to the Association the first request for withdrawal from the Credit Account, and thereafter maintain in its central bank, a deposit account in Euro on terms and conditions satisfactory to the Association. All withdrawals from the Credit Account shall be deposited by the Association into the Deposit Account.

(c) The Borrower undertakes that the proceeds of the Credit shall not be used to finance expenditures excluded pursuant to the provisions of Schedule 1 to this Agreement. If the Association shall have determined at any time that any proceeds of the Credit shall have been used to make a payment for an expenditure so excluded, the Borrower shall, promptly upon notice from the Association, (i) deposit into the Deposit Account an amount equal to the amount of said payment, or (ii) if the Association shall so request, refund such amount to the Association. Amounts refunded to the Association upon such request shall be credited to the Credit Account for cancellation.

(d) No withdrawals shall be made from the Credit Account after the aggregate of the proceeds of the Credit withdrawn from the Credit Account shall have reached the equivalent of SDR 80,100,000, unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Association:

- (i) with the progress achieved by the Borrower in the carrying out of the Program;
- (ii) that the macroeconomic policy framework of the Borrower is satisfactory, as measured on the basis of indicators agreed between the Borrower and the Association; and

(iii) that the actions described in Schedule 2, Part A to this Agreement have been taken.

(e) No withdrawals shall be made from the Credit Account after the aggregate of the proceeds of the Credit withdrawn from the Credit Account shall have reached the equivalent of SDR 128,200,000, unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Association:

(i) with the progress achieved by the Borrower in the carrying out of the Program;

(ii) that the macroeconomic policy framework of the Borrower is satisfactory, as measured on the basis of indicators agreed between the Borrower and the Association; and

(iii) that the actions described in Schedule 2, Part B to this Agreement have been taken.

(f) If, after said exchange of views, the Association is not so satisfied, the Association may give notice to the Borrower to that effect and, if within 90 days after such notice, the Borrower shall not have taken steps satisfactory to the Association, in respect of (d) or (e) above, then the Association may, by notice to the Borrower, cancel the unwithdrawn amount of the Credit or any part thereof.

Section 2.03. The Closing Date shall be December 31, 2003 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

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

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

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

withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on June 15 and December 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 15 and December 15 commencing June 15, 2012, and ending December 15, 2041. Each installment to and including the installment payable on December 15, 2021 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 per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; 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 the Association of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) 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; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above 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.

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

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

ARTICLE III

Particular Covenants

Section 3.01. (a) The Borrower and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 2 to this Agreement.

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

(c) Without limitation upon the provisions of paragraph (a) of this Section, the Borrower shall exchange views with the Association on any proposed action to be taken after the disbursement of the Credit which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program, including any action specified in Schedule 2 to this Agreement.

Section 3.02. Upon the Association's request, the Borrower shall:

(a) have the Deposit Account audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(b) furnish to the Association as soon as available, but in any case not later than six months after the date of the Association's request for such audit, 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

(c) furnish to the Association such other information concerning the Deposit Account and the audit thereof as the Association shall have reasonably requested.

ARTICLE IV

Additional Event of Suspension

Section 4.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

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 the Borrower responsible for finance is designated as the 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 Economy and Finance
B. P. V. 163
Abidjan
Republic of Côte d'Ivoire

Cable address:	Telex:	Facsimile:
MINFIN Abidjan	23747 MINFIN	225 20 20 0856

For the Association:

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

Cable address:	Telex:	Facsimile:
INDEVAS 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 the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF COTE D'IVOIRE

By /s/ Pascal Kokora

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mamadou Dia

Acting Regional Vice President
Africa

SCHEDULE 1

Excluded Expenditures

For purposes of Section 2.02 (c) of this Agreement, the proceeds of the Credit shall not be used to finance any of the following expenditures:

1. expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;
2. expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association shall have financed or agreed to finance, or which the Bank or the Association shall have financed or agreed to finance under another credit or a loan;
3. expenditures for goods included in the following groups or subgroups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Borrower:

<u>Group</u>	<u>Subgroup</u>	<u>Description of Items</u>
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse

122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)

4. expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;

5. expenditures for environmentally hazardous goods (for purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party, and any other goods designated as environmentally hazardous by agreement between the Borrower and the Association);

6. expenditures: (a) in the territories of any country which is not a member of the Bank or for goods procured in, or services supplied from, such territories; or (b) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the

United Nations; and

7. expenditures under a contract in respect of which the Association determines that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit during the procurement or execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Association to remedy the situation.

SCHEDULE 2

Actions Referred to in Section 2.02 (d) and (e) of this Agreement

A. Second Tranche

1. The Borrower has adopted a revised regulatory framework for cocoa and coffee marketing based on competition and excluding any administrative allocations or quotas, unless as otherwise agreed upon with the Association, all as further referred to in paragraph 13 of the LDP.

2. BCC/FRC have implemented a competitive marketing strategy for the 2002/2003 cocoa and coffee crops, excluding any administrative allocations or quotas, unless as otherwise agreed upon with the Association, all as further referred to in paragraph 17 of the LDP.

3. ARCC, BCC and FDPCC have: (a) carried out the agreed recommendations of the audit of their activities, procedures and financial statements; (b) adopted levels of non-tax levies for cocoa and coffee in the crop year 2002/2003 on the basis of recommendations of the said audit; and (c) approved their annual programs and budgets for the crop year 2002/2003, all as agreed upon with the Association and as referred to in paragraph 19 of the LDP.

4. (a) The Borrower's Ministries of Education and Health have signed agreements with the selected education and health sector COGES; and (b) the said COGES have opened bank accounts and at least 60% of the budget allocated for activities of the aforementioned COGES have been deposited in said accounts as referred to in paragraph 24 of the LDP.

5. The Borrower has: (a) opened to competition the publishing and editing of text books for primary education; and (b) supplied IEPs in 43 selected school districts with their respective stocks of free textbooks, all as referred to in paragraph 24 of the LDP.

6. The Borrower has submitted to the National Assembly the draft laws on Public Procurement and on the establishment of the *Chambre des Comptes*, all as referred to in paragraph 37 of the LDP.

B. Third Tranche

1. The Borrower has adopted an institutional and regulatory framework to ensure competition at all levels in the cotton chain as referred to in paragraph 20 of the LDP.

2. The Borrower has adopted and published the revised Fiscal Procedures Manual, as referred to in paragraph 21 of the LDP.

3. The Borrower has: (a) completed the study of the system for procuring and distributing essential drugs for the public sector, and has adopted an action plan based on the results of the said study to improve the procurement of essential drugs for the public sector; and (b) has provided evidence satisfactory to the Association that essential drugs for the public sector have been procured in a manner consistent with modalities set forth in the action plan referred to in paragraph (a) above for improving its efficiency, as referred to in paragraph 26 of the LDP.

4. The Borrower has submitted to the National Assembly the draft *Lois de Règlement* (including the report related thereto issued by the *Chambre des Comptes* of the Supreme Court of the Borrower) for the 2001 budget, as referred to in paragraph 37 of the LDP.

5. The Borrower has taken all measures required on its part to offer *CIDT-Nouvelle* for sale to willing buyers.

6. The Borrower has: (a) selected a qualified technical partner for CAA; and (b) taken all measures required on its part to offer for sale to willing buyers at least 51 percent of the shares held by the Borrower in the capital stock of CAA.

