

CONFORMED COPY

CREDIT NUMBER 2869 CM

DEVELOPMENT CREDIT AGREEMENT

(Transport Sector Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 10, 1996

CREDIT NUMBER 2869 CM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 10, 1996, between REPUBLIC OF CAMEROON (the "Borrower") and INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association").

WHEREAS (A) the Association has received letters, dated April 16, 1996, and May 28, 1996, from the Borrower, describing a program of policies, goals and actions designed to achieve an adjustment of the Borrower's transport sector (the "Program") and declaring the Borrower's commitment to the execution of the Program;

(B) 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;

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit

Agreements" of the Association, dated January 1, 1985, with the 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 Borrower and the Association 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 Association 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) "CFA Franc" or "CFAF" means Franc de la Communauté Financière de l'Afrique Centrale, the currency of the Borrower;
- (b) "DMS" means the Directorate responsible for Merchant Shipping of MINT (as hereafter defined);
- (c) "LABOGENIE" means Laboratoire National de Génie Civil, an établissement public caractère industriel et commercial established and operating under the Borrower's Decree No. 80/251 of July 10, 1980;
- (d) "MATGENIE" means Parc National de Matériel de Génie Civil, an établissement public caractère industriel et commercial established and operating under the Borrower's Decree No. 85/1243 of September 18, 1985;
- (e) "MINEFI" means the Ministry of the Borrower responsible for economy and finance;
- (f) "MINT" means the Ministry of the Borrower responsible for transport;
- (g) "MINTP" means the Ministry of the Borrower responsible for public works;
- (h) "PIP" means a three-year rolling Public Investment Program encompassing all public investments during each successive three-year period;
- (i) "Primary Roads Account" means the account referred to in Section 3.04 of this Agreement and to be opened in accordance with Section 6.01 (b) of this Agreement;
- (j) "Priority Road Network" means the network composed of all paved roads and of important unpaved roads which has been identified by the Borrower;
- (k) "Project Implementation Plan" means the plan referred to in paragraph 1 of Schedule 4 to this Agreement;
- (l) "Road Maintenance Account" means the account referred to in Section 3.05 of this Agreement and to be opened in accordance with Section 6.01 (c) of this Agreement; and
- (m) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in

various currencies equivalent to forty one million seven hundred thousand Special Drawing Rights (SDR 41,700,000).

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

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special deposit account in 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 Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2002 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 canceled; 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 February 15 and August 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 February 15 and August 15 commencing August 15, 2006 and ending February 15, 2036. Each installment to and including the installment payable on February 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.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through MINTP, MINT and MINEFI, with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

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. For the purpose of Section 9.07 of the General Conditions and without limitation 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 3.04. The Borrower shall:

(a) open and maintain until the completion of the Project an account (the "Primary Roads Account") in a commercial bank acceptable to the Association;

(b) deposit into such Account an initial amount equivalent to CFAF1,000,000;

(c) thereafter, prior to the signature of any works contract under Part A (1) of the Project, replenish such Account by any amount required as the Borrower's counterpart funding for such contract which is not otherwise financed out of the proceeds of the Credit; and

(d) ensure that the amounts deposited into such Account are utilized exclusively for the Borrower's financing of expenditures under Part A (1) of the Project.

Section 3.05. The Borrower shall:

(a) open and maintain until the completion of the Project an account (the "Road Maintenance Account") in a commercial bank acceptable to the Association;

(b) deposit into such account an initial amount equivalent to CFAF1,000,000;

(c) thereafter, replenish each year such account with any sum (additional to the Borrower's counterpart funds under the Project) allocated in MINTP's budget for the maintenance of the Borrower's Priority Roads Network;

(d) ensure that the amounts allocated under paragraph (c) of this Section for each year are sufficient for and applied to, the financing of the maintenance of the roads included in the Borrower's Priority Roads Network which have been built, rehabilitated or maintained, with external financing after January 1, 1990; and

(e) ensure that the maintenance works on roads referred to in paragraph (d) of this Section are not carried out by the use of force accounts.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

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

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

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

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

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

Section 4.02. The Borrower shall:

(a) have the records and accounts of the Primary Roads Account and Road Maintenance Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors;

(b) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(c) furnish to the Association such other information concerning the Primary Roads Account and Road Maintenance Account and the audits thereof as the Association shall from time to time reasonably request.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional 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 VI

Effective Date; Termination

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

(a) The Borrower has adopted a Project Implementation Plan satisfactory to the Association;

(b) the Primary Roads Account has been opened and the initial deposit has been paid therein all in accordance with Section 3.04 (b) of this Agreement;

(c) the Road Maintenance Account has been opened and the initial deposit has been paid therein all in accordance with Section 3.05 (b) of this Agreement;

(d) the Borrower has submitted a reorganization plan for MINTP satisfactory to the Association;

(e) the Borrower has appointed five regional directors of MATGENIE;

(f) the Borrower has presented evidence satisfactory to the Association that LABOGENIE's operating expenditures have been reduced by 30 percent in relation to LABOGENIE's 1994 accounts;

(g) the Borrower has enacted a new institutional and regulatory framework for urban transport satisfactory to the Association; and

(h) the Borrower has selected, in accordance with the provisions of Section II of Schedule 3 to this Agreement, an auditing firm acceptable to the Association for the purposes of Section 4.01(b) of this Agreement.

Section 6.02. 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. The Ministry of Economy and Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section

11.01 of the General Conditions:

For the Borrower:

Ministry of Economy and Finance
Yaounde
Republic of Cameroon

Cable address:

MINEFI
Yaounde

Telex:

8260 KN

With copy to:

Caisse Autonome d'Amortissement
Yaounde
Republic of Cameroon

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

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

REPUBLIC OF CAMEROON

By /s/ Jerome Mendouga

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		
(a) paved roads under Part A (1) of the Project	11,000,000	75%
(b) unpaved roads under Part A (1) of the Project	15,400,000	80%
(c) under Parts A (2) and A (3) of the Project	5,200,000	90%
(2) Goods	690,000	100% of foreign expenditures and 75% of local expenditures
(3) Consultants' services		100%
(a) under Part B (1) of the Project	1,170,000	
(b) under Part B (2) of the Project	2,540,000	
(4) Training, surveys and seminars under Part B (3) of the Project	2,130,000	100%
(5) Unallocated	3,570,000	
TOTAL	41,700,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which the goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures".

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; and

(b) under Category 1 (a) of paragraph 1 above, until the Borrower has presented evidence satisfactory to the Association that at least two weighing stations

on the Douala-Yaounde road have begun collecting statistics on truck-loads.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for works under contracts not exceeding \$100,000 equivalent and for goods and services under contracts not exceeding \$50,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are:

(a) to support: (i) road maintenance; (ii) the preservation of road assets; and (iii) road safety;

(b) to support the Borrower's gradual retrenchment from the execution of road maintenance by: (i) promoting the participation of small and medium enterprises; (ii) transferring public equipment rental activities; and (iii) developing the use of labor-intensive methods; and

(c) to revise the institutional framework of the Borrower's transport sector by: (i) restructuring MINTP and shifting its role in road maintenance from the execution by force accounts into subcontracting of works, planning and supervision; (ii) restructuring MINT and focusing its role on planning, policy development and the regulation of transport; and (iii) increasing private and beneficiary participation in transport management.

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

Part A: Road Maintenance and Safety

1. Carrying out of a three-year rehabilitation and maintenance of roads and bridges program, determined in accordance with the criteria set forth in Annex 1 to this Section for the primary roads included in the Priority Roads Network.

2. Carrying out of a rehabilitation and maintenance program determined in accordance with the criteria set forth in Annex 1 to this Section for about 1,500 km. of the Borrower's priority rural roads.

3. Construction of two weighing stations: on the RN3 near Douala and on the RN1 between Maltam and Kousseri, respectively.

Part B: Training and Technical Assistance

1. Provision of training and technical assistance for the reorganization of MINTP and MINT, the acquisition of computers and the rehabilitation of office space related thereto.

2. Carrying out of studies, design and implementation of programs and provision of training: (a) to improve road safety; (b) to improve the Borrower's capacity to supervise the execution of civil works in the transport sector; (c) to involve beneficiaries in rural road management; (d) to develop the Borrower's international road transport industry; (e) to strengthen the capabilities of the DMS in environmental issues; and (f) to prepare further phases of the Program.

3. Carrying out of surveys and seminars related to the Borrower's transport sector.

* * *

The Project is expected to be completed by June 30, 2002.

Economic and Environmental Criteria for the Primary
and Rural Road Network Programs

Rehabilitation and maintenance works to be carried out under Part A (1) of the Project shall have an economic rate of return of not less than 12% and rehabilitation and maintenance works included in Part A (2) shall have an estimated rate of return of not less than 10%. Such rate shall be calculated by generally accepted economic methods and shall be limited to vehicle operating costs savings and maintenance and/or reconstruction cost savings, unless other benefits can be clearly attributed to the proposed works and quantified with reasonable accuracy. Main input data for the aforementioned calculation shall be: (a) existing road conditions (as determined by visual inspection, road roughness and road deflection measurements and borings); (b) the economic cost of works; (c) existing traffic (on the basis of traffic counts of MINTP or its consultants) and traffic projections (growth of existing traffic and diverted traffic); and (d) vehicle operating costs for roads in good conditions and differentials for inferior road conditions (as estimated by MINTP or its consultants).

Rehabilitation and maintenance works under Parts A (1) and (2) of the Project shall be selected on the basis of criteria for the protection of the environment, with special emphasis on environmentally sensitive areas, as set forth in the Project Implementation Plan.

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 1 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. 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.

Preference for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.55 and 2.56 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.

Part C: Other Procurement Procedures

National Competitive Bidding

(a) Unpaved road rehabilitation works estimated to cost \$500,000 equivalent or less per contract, and \$1,700,000 equivalent or less in the aggregate; (b) works under Part A (2) of the Project estimated to cost \$250,000 equivalent or less per contract; and (c) goods estimated to cost \$100,000 equivalent or less per contract, and \$ 208,000 equivalent or less in the aggregate; may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitation to pre-qualify for bidding or 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 each contract for the procurement of works estimated to cost the equivalent of \$200,000 or more and with respect to each contract for the procurement of goods estimated to cost the equivalent of \$50,000 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

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 thereto as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

SCHEDULE 4

Implementation Program

1. The Borrower shall carry out the Project in conformity with a Project Implementation Plan which shall contain, inter alia, the procurement, disbursement, accounting, financial management and other implementation arrangements for the Project as well as a Project monitoring and evaluation system including performance monitoring indicators.

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 satisfactory to the Association, the carrying out of the Program, the Project and the achievement of the objectives thereof; said procedures to provide, inter alia, for the submission of progress reports in advance of each supervision mission by the Association, and in any case prior to June 30, September 30 and December 31 of each year;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about March 31 of each year: (i) a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in carrying out the Program and the Project during the preceding year and setting out the measures recommended to ensure the efficient carrying out of the Program and the Project and the achievement of the objectives thereof during the following year; and

(c) review with the Association, by June 30 of each year, or such later date as the Association shall request, the documents referred to in paragraph (b) of this Section, and, promptly thereafter: (i) make such revisions as may be appropriate, having due regard to the comments emanating from such meetings; and (ii) take all measures required to ensure the efficient completion of the Program, the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the report referred in paragraph (b) (i) of this Section and the Association's views on the matter.

3. The Borrower shall take all necessary action to ensure that its respective annual budgets presented for legislative approval shall reflect budgets and PIPs for

the civil works and transport sectors satisfactory to the Association.

4. The Borrower shall conduct, not later than December 31, 1998, jointly with the Association, and based on performance indicators acceptable to the Association, a mid-term Project Implementation review: (i) to monitor progress in the carrying out of the Program and the Project; (ii) to assess the Borrower's continued commitment to the Program and to the objectives of the Project; and (iii) to exchange information among staff responsible for Project implementation, to devise solutions to current issues and to ensure the efficient continuation of the Project.

5. Not later than six weeks prior to the Project implementation review under paragraph 4 of this Schedule, the Borrower shall furnish to the Association for its review and comments a report in such detail as the Association shall reasonably request, including: (i) an evaluation of progress achieved in the implementation of the Program and the Project; and (ii) a draft action program for the future operation of the Project.

6. Promptly after completion of the review under Section 4 of this Schedule, the Borrower shall carry out the recommendations arising out of said review as agreed by the Borrower and the Association, or such other actions as shall be necessary as a result of the review referred to above, to ensure the efficient completion of the Program and the Project and the achievement of the objectives thereof.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "Eligible Categories" means Categories (1) to (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 an amount equivalent to CFAF250,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to CFAF125,000,000 until the aggregate amount of withdrawals from the Credit 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 SDR 1,000,000.

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

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

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence

required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures.

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

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

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

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

(b) once the total unwithdrawn amount of the Credit allocated to the Eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the Eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

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

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



