

CONFORMED COPY

CREDIT NUMBER 3359 CM

Development Credit Agreement

(Public/Private Partnership for Growth and Poverty Reduction Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 28, 2000

CREDIT NUMBER 3359 CM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 28, 2000, between REPUBLIC OF CAMEROON (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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; and

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

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) (the General Conditions), constitute an integral part of this Agreement.

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

(a) "ADER" means Agence d'Électrification Rurale, the agency responsible for promoting rural electrification, established by the Borrower's Law No. 98/22, dated December 24, 1998;

(b) "AFU" means the administrative and financial unit within the CTS (as hereinafter defined);

(c) "ARE" means Agence de Régulation du Secteur de l'Électricité, the regulatory agency in the electricity sector established and operating pursuant to the Borrower's Law No. 98/22, dated December 24, 1998, and Decree No. 99/125, dated June 15, 1999;

(d) "ART" means Agence de Régulation des Télécommunications, the regulatory agency in the telecommunications sector established and operating pursuant to the Borrower's Law No. 98/014, dated July 14, 1998, and Decree No. 98/197, dated September 8, 1998;

(e) "CAE" means the compte d'affectation spéciale pour les projets en matière d'eau, provided for in the Borrower's Law No. 98/5, dated April 14, 1998;

(f) "CAMAIR" means Cameroon Airlines, a PE (as hereinafter defined) transportation company established and operating under the laws of the Borrower;

(g) "CCAA" means Cameroon Civil Aviation Authority, the aeronautical authority established and operating pursuant to the Borrower's Law No. 98/023, dated December 24, 1998 and Decree No. 99 dated September 16, 1999;

(h) "CFA Franc" or "CFAF" means the currency of the Borrower;

(i) "Competition Commission" means the Commission Nationale de la Concurrence established pursuant to the Borrower's Law No. 98/13, dated July 14, 1998;

(j) "Competitiveness Committee" means the Comité de Compétitivité established by the Borrower's Decree No. 97/235, dated December 31, 1997;

(k) "CPP" means the ad hoc technical committee responsible for the implementation of the restructuring of the postal sector established by the Borrower's Decision No. 02556, dated July 23, 1997;

(l) "CPSS" means the Comité de Pilotage responsible for the rehabilitation of Caisse de Prévoyance Sociale and the social security system reform established by the Borrower's Arrêté No. 86, dated April 13, 1998;

(m) "CTP" means Commission Technique de Privatisation et des Liquidations, the technical unit established and operating pursuant to the Borrower's Decrees No. 97/1 and 97/3, dated January 3, 1997;

(n) "CTS" means the Comité Technique de Suivi des Programmes

Economiques established by the Borrower's Decree No. 97/133, dated August 20, 1997;

(o) "DCE" means Direction des Contrôles Economiques et des Finances Extérieures, a directorate within MINEFI (as hereinafter defined);

(p) "DSTAT" means Direction de la Statistique et de la Comptabilité Nationale, a directorate within MINEFI (as hereinafter defined);

(q) "FST" means Fonds Spécial des Télécommunications, the universal service fund for telecommunications, established and operating pursuant to the Borrower's Law No. 98/104, dated July 14, 1998, and Decree No. 98/197, dated September 8, 1998;

(r) "MATGENIE" means Parc National de Matériel de Génie Civil, a PE (as hereinafter defined) established and operating under the laws of the Borrower;

(s) "MINEFI" means the Borrower's Ministry responsible for economy and finance;

(t) "MINPAT" means the Borrower's Ministry responsible for public investments and regional development;

(u) "PE" means any enterprise in which the Borrower has directly or indirectly (through any of its subdivisions or through any other enterprise) a financial participation equivalent to 25% or more of the equity of such enterprise;

(v) "Project Implementation Manual" means the manual to be adopted pursuant to Section 5.01 (a) of this Agreement, outlining policies, procedures and guidelines, including financial management guidelines, to be followed in the implementation of the Project;

(w) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;

(x) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on June 15, 1999 and on behalf of the Borrower on July 2, 1999;

(y) "SCDP" means Société Camerounaise de Dépôts Pétroliers, a PE established and operating under the laws of the Borrower;

(z) "SNH" means Société Nationale des Hydrocarbures, a PE established and operating under the laws of the Borrower;

(aa) "SNI" means Société Nationale des Investissements, a public financial entity established and operating under the laws of the Borrower;

(bb) "SODECOTON" means Société de Développement du Coton, a PE established and operating under the laws of the Borrower;

(cc) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

(dd) "SRC" means Société de Recouvrement des Créances du Cameroun, a public financial entity established by the Borrower's Decrees No. 89/1283, dated August 18, 1989, and No. 91/066, dated January 23, 1991.

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 fifteen million six hundred thousand Special Drawing Rights (SDR 15,600,000).

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 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 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.

(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 canceled.

Section 2.03. The Closing Date shall be December 31, 2004 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 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 January 15 and July 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 January 15 and July 15 commencing July 15, 2010 and ending January 15, 2040. Each installment to and including the installment payable on January 15, 2020 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 them 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

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 the CTS with due diligence and efficiency and in conformity with appropriate administrative, financial, banking, legal and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the 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 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 purposes 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.

ARTICLE IV

Financial Covenants

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

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each fiscal year audited, in accordance with auditing standards acceptable to the Association, 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 copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited; and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Association may 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

separate 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 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. Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan, acceptable to the Association, for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Borrower, not later than December 31, 2001, or such later date as the Association shall agree, to prepare quarterly Project management reports, acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report; and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;

(ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report; and (B) explains variances between the actual and previously forecast implementation targets; and

(iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Borrower shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

ARTICLE V

Effective Date; Termination

Section 5.01. 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 manual in form and substance satisfactory to the Association; and

(b) the Borrower has employed, in accordance with the provisions of Section II of Schedule 3 to this Agreement, the procurement specialist referred to in Section 2 of Schedule 4 to this Agreement.

Section 5.02. 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 VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of the Borrower at the time responsible for public investments and regional development is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Public Investments and
Regional development
Yaoundé
Republic of Cameroon

Facsimile:	Cable address:	Telex:
22 15 09	MINPAT Yaoundé	8203KN (237)

With copy to:

Ministry of Economy and Finance
Yaoundé
Republic of Cameroon

Facsimile:	Cable address:	Telex:
23 37 17	MINEFI Yaoundé	8260KN (237)
22 50 74		(237)

Caisse Autonome d'Amortissement
P.O. Box 7167
Yaoundé
Republic of Cameroon

Facsimile:	Cable address:	Telex:
	CAA	8858 KN (237)

22 01 29

Yaoundé

For the Association:

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

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

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/ Crecy Tawah

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo

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) Equipment and supplies	470,000	100% of foreign expenditures and 90% of local

		expenditures
(2)	Consultants' services (including auditing), training, workshops and seminars	12,440,000 100%
(3)	Incremental operating costs	1,200,000 90% of local expenditures
(4)	Refunding of Project Preparation of Advance	560,000 Amount due pursuant to Section 2.02 (c) this Agreement
(5)	Unallocated	930,000
	TOTAL	15,600,000

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;

(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 goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(c) the term "Incremental operating costs" means incremental expenditures 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 payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures: (a) under contracts for goods and for the employment of consulting firms costing less than \$100,000 equivalent each; (b) under contracts for the employment of individual consultants costing less than \$50,000 each; and (c) for training and 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 objectives of the Project are: (a) to help establish a competitive and sustainable business environment that will attract private sector investors in the Borrower's territory; and (b) to put poverty reduction at the center of economic 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: Enhanced Competitiveness

Privatization

1. Provision of technical advisory services:

(a) to help in the completion of on-going privatization;

(b) to expedite the divestiture and/or the restructuring of commercial and industrial activities in the port sector, airport management, CAMAIR, SODECOTON, SCDP and MATGENIE;

(c) to help Cameroonian nationals to participate through public offers in the share capital of enterprises privatized or to be privatized;

(d) to complete: (i) a strategic and operational assessment of SNH to make it more efficient; and (ii) a strategic assessment of SNI aiming at transforming SNI into a more efficient private investment promotion entity; and

(e) to help remedy year 2K problems.

2. Further strengthening of CTP's capacity to propose and implement appropriate public/private partnerships in infrastructure and other sectors.

Infrastructure Framework and Regulatory Agencies

3. Provision of technical advisory services for the carrying out of:

(a) an assessment and a new definition of the institutional and legal responsibilities of the State in the new legal framework for electricity;

(b) a review of utility sector regulations and procedures, including support and recommendations to strengthen the Competition Commission, ARE, ADER, ART and CCAA with a view to ensure that said agencies have coherent supervisory and conciliatory responsibilities, and to adopt revised standard regulations and procedures;

(c) a review of the legal framework for private sector participation in public services and infrastructure with a view to ensure competition, including recommendations for amendments to, and/or adoption of, if needed, laws and regulations governing the partnership framework between the private sector, the State and public collectivities, including in particular procurement and privatization; and

(d) the definition of management regulations and eligibility criteria for FST, CAE and ADER.

4. The carrying out of a training program for the agencies referred to in Part A.3 (b) above, following the definition of an overall training strategy.

5. Provision of technical advisory services for the development of at least six pilot operations, which could be duplicated, involving private

sector participation in infrastructure and public services, such as local telephone companies, management of public health facilities and of urban public transport, and the provision of trash collection, through contracting, concession, lease, management contracts, and other appropriate instruments.

Competitiveness Committee

6. Strengthening the Competitiveness Committee, through: (a) the provision of technical advisory services; (b) training; (c) an enhanced public/private partnership through information campaigns; and (d) the acquisition of equipment.

Part B: Financial Sector

1. Social Security System Reform

(a) The carrying out of a series of studies aimed at achieving the implementation of the reform of the social security system, including, but not limited to, actuarial studies, the design of the legal framework for the system, the sustainability and mode of financing of specific regimes, the organization of the transition from the previous to the new system, and the introduction of medical insurance for the population which is not covered by the new system.

(b) The carrying out of a training program and of information campaigns, through the provision of technical advisory services.

2. Micro-finance Institutions

(a) The completion of the census of micro-finance institutions in the Borrower's territory and licensing thereof; and

(b) the carrying out of a training program and of information campaigns to help in enforcing the regulations applicable to micro-finance institutions;

all through the provision of technical advisory services.

3. Financial Markets

The carrying out of a study to make the financial market operational.

4. Postal Financial Institution

Provision of technical advisory services to assist in the restructuring of the Post Office Savings Bank (Caisse d'Epargne Postale) and the Postal Check Account (Comptes Chèques Postaux).

5. SRC

Supporting SRC to assist in refocussing its operations on the provision of loan recovery services on a commercial basis, through the provision of technical advisory services and the acquisition of management software.

Part C: Poverty Reduction

1. Improvements in Poverty Information

(a) The establishment of a website and issuance of regular publications for sharing existing and future poverty information and analysis;

(b) the carrying out of a preliminary household living standards

survey to be followed by a full survey in calendar year 2002;

(c) the carrying out of a community and villages comprehensive survey to develop a sounder basis for poverty measuring and development ; and

(d) the implementation of a financially sustainable permanent system for the monitoring of key indicators for poverty measuring;

all through the provision of technical advisory services and the acquisition of equipment.

2. Partnerships for Participative Monitoring of Poverty and Policy Design and Implementation

(a) Organization and functioning of a participatory poverty monitoring system;

(b) the carrying out of participatory activities related to the preparation of a poverty reduction strategy paper (PRSP) and initial implementation of the main themes thereof, including: (i) the provision of technical advisory services; (ii) consultative processes; (iii) workshops; and (iv) technical studies on (A) employment policies, (B) competition, and (C) assessment of the efficiency and effectiveness of public expenditures for social sectors and basic infrastructure;

(c) the carrying out of diagnostic studies of civil society capacities for designing and implementing cross-sectoral activities to reduce poverty, developing and applying targeting methodologies, and developing strategies and methods to address gender constraints; and

(d) the development of a poverty reduction network to focus on exchanges of experience and information between groups and on participatory approaches;

all through the provisions of technical advisory services, workshops and the acquisition of equipment.

* * *

The Project is expected to be completed by June 30, 2004.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: General

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

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods 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 to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

Preference for domestically manufactured goods

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

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$230,000 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 \$25,000 equivalent per contract, up to an aggregate amount not to exceed \$250,000 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.

3. Procurement from UN Agencies

Vehicles and small office equipment may be procured from the Inter-Agency Procurement Services Office of the United Nations (IAPSO) in accordance with the provisions of paragraph 3.9 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

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

(a) With respect to each contract for goods estimated to cost the equivalent of \$100,000 or more and, every year, with respect to the first three contracts for goods estimated to cost less than the equivalent of \$100,000 each, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract estimated to cost the

equivalent of \$25,000 or less, the following procedures shall apply:

(i) prior to the selection of any supplier under shopping procedures, the Borrower shall provide to the Association a report on the comparison and evaluation of quotations received; and

(ii) the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

Part B: Quality- and Cost-based Selection

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

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for the Project, estimated to cost less than \$50,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for auditing services and other services of a standard nature estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services for small and simple services estimated to cost less than \$25,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Individual Consultants

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

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

1. Selection Planning

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

2. Prior Review

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

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$25,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

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

SCHEDULE 4

Implementation Program

General

1. Except as the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the provisions of the Project Implementation Manual. Said Manual shall not be amended or waived without the Association's prior written approval.

2. The Borrower shall ensure that all its departments and agencies responsible for carrying out the Project or any part thereof shall comply with the policies, procedures and guidelines included in the Project Implementation Manual. Under the overall management and coordination of the CTS, said departments and agencies shall be respectively responsible as follows: the CTP for Part A.1 through 5 of the Project; the Competitiveness Committee for Part A.6 of the Project; the CPSS for Part B.1 of the Project; the DCE for Part B.2, 3 and 5 of the Project; the CPP for Part B.4 of the Project; the DSTAT for Part C.1 of the Project; and the Permanent Secretariat of the CTS, with the assistance of an advisory council of experts, for Part C.2 of the Project. In addition, the AFU

shall be responsible for the overall Project compliance with procurement, financial management and accounting. To this end, the AFU shall employ and maintain in functions a procurement specialist in accordance with the provisions of Section II of Schedule 3 to this Agreement.

3. Not later than October 31, 2000, and thereafter by April 30 of each year, the Borrower shall, through the CTS, furnish to the Association, for its review and approval, proposed detailed work plans and budgets in respect of Project activities for the forthcoming fiscal year.

4. Prior to the divestiture and/or restructuring of any PE listed in Part A.1 of the Project and of any operation involving private sector participation in infrastructure and public services referred to in Part A.5 of the Project, the Borrower shall ensure that an environmental audit/assessment and an environmental analysis are respectively carried out on terms and conditions satisfactory to the Association, and that the results thereof, including any remediation action plan, are incorporated in the bidding documents, specifications and/or authorization required.

Monitoring and Evaluation

5. 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 Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, beginning on or about April 30, 2001 and thereafter on or about April 30 of each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the calendar year preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by June 30, 2002, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) and (3) 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 CFAF 400,000,000 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 CFAF 200,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions for the Project shall be equal to or exceed the equivalent of SDR 4,000,000.

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 deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the 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;

(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;

(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, minus 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 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.



