

CONFORMED COPY

CREDIT NUMBER 3104 IVC

Development Credit Agreement

(Private Sector Development -- Capacity Building Project)

between

REPUBLIC OF CÔTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 22, 1998

CREDIT NUMBER 3104 IVC

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 22, 1998 between REPUBLIC OF CÔTE D'IVOIRE (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) Part A of the Project will be carried out by the Association pour la promotion des exportations de Côte d'Ivoire (APEX-CI) with the Borrower's assistance, and as part of such assistance, the Borrower will make available to APEX-CI part of the proceeds of the Credit as provided in this Agreement;

(C) Part C.3 of the Project will be carried out by the Chambre de Commerce et d'Industrie de Côte d'Ivoire (CCI-CI) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to CCI-CI part of the proceeds of the Credit as provided in this Agreement; 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 and in the Project Agreement of even date herewith between the Association and APEX-CI;

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 December 2, 1997), with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly renumbered as paragraphs (13) through (15):

"12. "Participating Country" means any country that the Association determines meets the requirements set forth in Section 10 of Resolution No. 183 of the Board of Governors of the Association, adopted on June 26, 1996; and "Participating Countries" means, collectively, all such countries."

(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 Participating Country 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) "APEX-CI" or "Association pour la promotion des exportations de Côte d'Ivoire" means the export promotion institution in the Borrower's territory, a non profit organization, established pursuant to its Statutes (as hereinafter defined);

(b) "APEX-CI Convention" means the agreement to be entered into between the Borrower and APEX-CI, pursuant to Section 3.05 (a)(i) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the APEX-CI Convention;

(c) "APEX-CI Project Agreement" means the agreement between the Association and APEX-CI of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the APEX-CI Project Agreement;

(d) "APEX-CI Statutes" means the statutes governing the operations of APEX-CI, adopted June 14, 1996;

(e) "Beneficiary" means a private firm or association registered and operating in the territory of the Borrower determined to be eligible for a Matching Grant (as hereinafter defined) in terms of the eligibility criteria specified in the Operating Manual (as hereinafter defined) and to whom or for whose benefit a Matching Grant (as hereinafter defined) is made or proposed to be made;

(f) "CAA" means Caisse Autonome d'Amortissement, a public financial institution of the Borrower; "CACI" or "Cour d'arbitrage de Côte d'Ivoire" means the Arbitration Court of Côte d'Ivoire established on May 9, 1997, by the General Assembly of CCI-CI (as hereinafter defined);

(g) "CCI-CI Convention" means the agreement to be entered into between the Borrower and CCI-CI pursuant to Section 3.05 (a)(ii) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the CCI-CI Convention;

(h) "CCI-CI" or "Chambre de Commerce et d'Industrie de Côte d'Ivoire" means

the Chamber of Commerce and Industry of Côte d'Ivoire, established and operating in accordance with Decree No. 92-19 of January 8, 1992, as amended;

(i) "CEPICI" or "Centre de Promotion des Investissements en Côte d'Ivoire" means the Borrower's investment promotion agency established pursuant to Decree No. 93-774 of September 29, 1993;

(j) "CFA Franc" or "Franc de la Communauté Financière Africaine" means the currency of the Borrower; "Conseil National de Lutte contre la Fraude Economique" means the committee established by the Borrower pursuant to Decree No. 97-612 of October 16, 1997, to assist the Borrower's agencies in the fight against economic fraud;

(k) "Convention" means either or both the CCI-CI Convention or APEX-CI Convention;

(l) "Coordination Unit" means the coordination unit established within MEF (as hereinafter defined) whose attributions are specified in paragraph I.2 of Schedule 4 to this Agreement;

(m) "Export Development Activity" means an export development activity proposed by an exporters' or exporters' association, registered and operating in the territory of the Borrower, within the scope defined in Part A.1 of the Project and financed or to be financed out of the proceeds of the Credit;

(n) "General Manager" means the general manager of APEX-CI;

(o) "IAPSO" means the Inter-Agency Procurement Services Office of the United Nations;

(p) "Liaison Committee" or "Comité de Liaison" means the committee established by the Borrower pursuant to Decree No. 96-683 of September 4, 1996, to foster consultations between the public and private sector on matters of mutual interest;

(o) "Matching Grant Agreement" means an agreement between APEX-CI and a Beneficiary setting forth the terms and conditions under which proceeds of the Credit shall be made available to the Beneficiary for the purpose of financing an Export Development Activity under Part A.1 of the Project;

(p) "Matching Grant" means a grant made or proposed to be made by APEX-CI to a Beneficiary to match the funds provided by such Beneficiary for the purpose of financing an Export Development Activity under Part A.1 of the Project;

(q) "MDPDI" or "Ministère Délégué auprès du Premier Ministre Chargé du Plan et du Développement Industriel" means the Ministry of the Borrower responsible for Planning and Industrial Development;

(r) "MEF" or "Ministère de l'Economie et des Finances" means the Ministry of Economy and Finance of the Borrower;

(s) "Ministère de la Justice" means the Ministry of Justice of the Borrower;

(t) "OHADA Treaty" or "Traité de l'Organisation pour l'Harmonisation du Droit des Affaires en Afrique" means the treaty for the harmonization of business laws in Africa, signed on October 17, 1993;

(u) "Operating Manual" means the manual comprising the policies, procedures and guidelines which shall be followed by APEX-CI in the implementation of Part A of the Project and to be adopted by the Board of Directors of APEX-CI pursuant to Section 6.01(c) of this Agreement;

(v) "Plan d'Action de la Justice" means the Borrower's plan of action for legal and judicial reform adopted on May 13, 1996;

(w) "Plan Petites et Moyennes Entreprises (PME)" means the Borrower's plan of action adopted January 29, 1997, with the objective to promote the development of

small- and medium-size enterprises in the territory of the Borrower;

(x) "Project Account" means the account referred to in Section 3.06 of this Agreement;

(y) "Project Implementation Manual" means the manual comprising the policies, procedures and guidelines which shall be followed by the Borrower in the implementation of Parts B and C of the Project and to be adopted by the Borrower pursuant to Section 6.01 (d) of this Agreement;

(z) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated August 16, 1996 and September 5, 1996 between the Borrower and the Association;

(aa) "Selection Committee" means the selection committee established by APEX-CI for the purpose of reviewing applications for Matching Grants; and

(bb) "Special Account" means either or both the accounts 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 eight million nine hundred thousand Special Drawing Rights (SDR 8,900,000).

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: (i) 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 (other than Part A.1 thereof) described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit; and (ii) amounts paid (or, if the Association shall so agree, to be paid) by APEX-CI on account of withdrawals made for the benefit of a Beneficiary under a Matching Grant to meet the reasonable cost of goods and services required for activities to be financed under Part A.1 of the Project, and in respect of which the withdrawal from the Credit Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFA Francs:

(i) a special deposit account in the name of APEX-CI (hereinafter referred to as Special Account A) in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against setoff, seizure and attachment; and

(ii) a special deposit account (hereinafter referred to as Special Account B) in CAA on terms and conditions satisfactory to the Association. Deposits into, and payments out of, each respective 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 March 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 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, 2008, and ending December 15, 2037. Each installment to and including the installment payable on December 15, 2017, 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. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end,

(a) shall carry out Parts B.1 and B.2 of the Project through CEPICI, Part B.3 of the Project through MDPDI, Part B.4 of the Project through MEF and Parts C.1 and C.2 of the Project through Ministère de la Justice, all with due diligence and efficiency and in conformity with appropriate administrative, financial and technical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project and, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement;

(b) shall cause (i) CCI-CI to carry out Part C.3 of the Project and perform in accordance with the CCI-CI Convention all the obligations of CCI-CI therein set forth, and (ii) APEX-CI to carry out Part A of the Project and perform in accordance with the provisions of the APEX-CI Project Agreement all the obligations of APEX-CI therein set forth, all with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, and business practices;

(c) shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable APEX-CI and CCI-CI to perform their obligations under the APEX-CI Project Agreement and the CCI-CI Convention, respectively, and shall not take or permit to be taken any action which would prevent or interfere with such performance; and

(d) without limitation upon the provisions of paragraphs (a), (b) and (c) of this section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project (other than Parts A and C.3 thereof) and shall assist APEX-CI and CCI-CI in the carrying out of Parts A and C.3, respectively, all 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 for Parts B and C, and Schedule 1 to the APEX-CI Project Agreement for Part A.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall take steps and cause APEX-CI and CCI-CI, to take steps, to:

(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 and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part A of the Project shall be carried out by APEX-CI pursuant to Section 2.03 of the APEX-CI Project Agreement.

Section 3.05.(a) The Borrower shall conclude:

(i) for the purposes of Part A of the Project, an agreement with APEX-CI (hereinafter referred to as the APEX-CI Convention), under which it shall transfer the proceeds of the Credit allocated from time to time to Categories 1(a), 2(a), (3) and 4(a) of the table in paragraph 1 of Schedule 1 to this Agreement, on a non-reimbursable basis and on such terms and conditions as shall be acceptable to the Association, including but without being limited to, the provisions set forth in paragraph II of Schedule 4 to this Agreement,

and

(ii) for the purposes of Part C.3 of the Project, an agreement with CCI-CI (hereinafter referred to as the CCI-CI Convention), under which it shall transfer the proceeds of the Credit allocated from time to time to Categories 1(d), 2(d) and 4(d) of the table in paragraph 1 of Schedule 1 to this Agreement, on a non-reimbursable basis and on such terms and conditions as shall be acceptable to the Association, including but without being limited to, the provisions set forth in paragraph IV of Schedule 4 to this Agreement.

(b) The Borrower shall exercise its rights under the respective APEX-CI and CCI-CI Conventions in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the APEX-CI or CCI-CI Conventions or any provision thereof.

Section 3.06. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower shall, for the purposes of making available its counterpart contribution to the financing of the Project:

(a) open and maintain an account (the Project Account) in CAA on terms and conditions satisfactory to the Association;

(b) make an initial deposit into such account, in an amount equivalent to CFA Francs 50,000,000, to finance the Borrower's contribution to the Project;

(c) deposit into the Project Account by the fifteenth day of each month during Project implementation, such amounts as shall be required to replenish the Project Account back to the level of the initial deposit referred to in paragraph (b) above; and

(d) use the Project Account funds exclusively to finance expenditures of the Project.

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 Special Account B 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, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(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) 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;

(ii) ensure that such records and accounts are included in the annual

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

Section 4.02. (a) The Borrower shall cause APEX-CI to establish and maintain a all in accordance with accounting standards acceptable to the Association, consistently applied, financial management system, including records and accounts, and prepare financial statements, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures for and in connection with the carrying out of the Project.

(b) The Borrower shall cause APEX-CI to:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for Special Account A 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) above for such year as so audited, and (B) an opinion on such statements and a report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested.

ARTICLE V

Remedies of the Association

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

(a) APEX-CI shall have failed to perform any of its obligations under the APEX-CI Project Agreement;

(b) as a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that APEX-CI will be able to perform its obligations under the APEX-CI Project Agreement; and

(c) the APEX-CI Statutes shall have been amended, suspended, waived so as to materially and adversely affect the ability of APEX-CI to perform any of its obligations under the Project Agreement.

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

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower; and

(b) the event specified in paragraph (c) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

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

(a) the APEX-CI Convention has been executed on behalf of the Borrower and APEX-CI;

(b) the Borrower and APEX-CI have each established an adequate financial management system including, accounting procedures, satisfactory to the Association to ensure proper monitoring of Project activities;

(c) the Board of Directors of APEX-CI has adopted the Operating Manual in form and substance satisfactory to the Association, for purposes of implementation of Part A of the Project; and

(d) the Borrower has adopted the Project Implementation Manual in form and substance satisfactory to the Association.

Section 6.02. The following events are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

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

(b) that APEX-CI Convention has been duly authorized or ratified by, and is legally binding upon, APEX-CI in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Section 4.01 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or the date fifteen years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Economy and Finance
BP V 125
Abidjan
Republic of Côte d'Ivoire

Cable address:

MINFIN
Abidjan

Telex:

23747 MINFIN

For the Association:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable address:

INDEVAS
Washington, DC

Telex:

248423 (MCI) or
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 CÔTE D'IVOIRE

By /s/ Moise Koumoue Koffi

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) Equipment and Materials:		100% of foreign expenditures and 75% of local expenditures
(a) under Part A	570,000	
(b) under Part B	200,000	
(c) under Part C.1	60,000	
(d) under Part C.3	40,000	
(2) Consultants' Services, Studies, Visits and Training:		100%
(a) under Part A	900,000	
(b) under Part B	2,600,000	
(c) under Parts C.1 and C.2	180,000	
(d) under Part C.3	380,000	
(3) Matching Grants disbursed under Part A.1	2,770,000	100% of amounts
(4) Operating Costs:		90%

(a) under Part A	440,000	
(b) under Part B	170,000	
(c) under Parts C.1 and C.2	35,000	
(d) under Part C.3	35,000	
(5) Refunding of Project pursuant Preparation Advance	185,000	Amount due to Section 2.02 (c) of this Agreement
(6) Unallocated	335,000	
TOTAL	8,900,000	

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 "operating costs" means the incremental operating costs incurred on account of project implementation, management and supervision, including office supplies, communication costs, travel costs and salaries of project staff, but excluding salaries of the Borrower's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement;

(b) in respect of a Matching Grant unless the Matching Grant has been made in accordance with the criteria, procedures and terms and conditions set forth or referred to in paragraphs 2, 3 and 4 of Schedule 2 to the APEX-CI Project Agreement; and

(c) in respect of payments under Categories 1(d), 2(d) and 4(d), until and unless the CCI-CI Convention has been executed on behalf of the Borrower and CCI-CI and the Association has received evidence, satisfactory to it, that the CCI-CI Convention is legally binding on the Borrower and CCI-CI in accordance with its terms.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (i) goods under contracts costing less than \$100,000 equivalent each; (ii) consultants' services (firms) under contracts not exceeding \$100,000 equivalent; (iii) consultants' services (individuals) under contracts not exceeding \$50,000 equivalent; and (iv) for all operational costs; all under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in achieving increased levels of investments and exports by contributing to: (i) the reduction of the dependency on traditional exports and the increase in the share of high value-added

products in the Borrower's exports; (ii) the attraction of foreign investors and promotion of domestic investment; and (iii) the creation of a more sound and effective legal and judicial environment for investors and existing businesses.

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: Export Promotion

1. Matching Grant Scheme

Provision of Matching Grants to private firms or associations to enable them to finance the cost of goods and services for export support, including, inter alia, feasibility studies, technical consultancies and training courses, participation in trade fairs, visits of, and to, strategic buyers, design and implementation of marketing campaigns.

2. Policy Dialogue to Improve Business Environment for Exporters

(a) Organization of a policy dialogue between officials of the Borrower and the exporters' community, to identify and analyze constraints to export development, develop detailed proposals for policy change to be submitted to the Borrower and monitor the adoption and implementation of such proposals, if adopted.

(b) Carrying out of diagnostic studies and formulation of policy options based on discussions and assessments of best domestic and foreign practices.

(c) Carrying out by APEX-CI of public awareness campaigns to disseminate its findings and conclusions on reforms needed in the business environment for the development of exports.

3. Trade Information Center

Establishment of a trade information center, to:

(a) provide access to data bases and information services available internationally on export markets and opportunities;

(b) connect exporters and exporters' associations registered and operating in the territory of the Borrower with potential business partners, buyers and suppliers abroad;

(c) assist exporters and exporters' associations registered and operating in the territory of the Borrower to develop their export capabilities, including in particular through the use of new communication technologies, such as the Internet; and

(d) develop a computerized inventory of exporters and exporters' associations registered and operating in the territory of the Borrower and make it easily accessible to foreign buyers and suppliers.

Part B: Investment Promotion

1. Promotion of Foreign Direct Investment (FDI)

(a) carrying out of studies to assist CEPICI to better target its investment promotion efforts and development of an action plan to implement the recommendations of such studies;

(b) implementation of two selected promotional events, putting to use the investor targeting methods referred to in the preceding subparagraph; and

(c) use of new communication technologies such as the Internet to promote the image of the Borrower to the international business community.

2. Simplification of Investment Procedures

Carrying out of studies to:

- (a) develop an inventory of existing investment procedures and assess their continued appropriateness;
- (b) make recommendations to simplify existing investment procedures;
- (c) develop appropriate documentation regarding investment procedures for use by investors and the Borrower's agencies; and
- (d) (i) identify any problems of implementation of the provisions governing company registration under the two uniform acts on company law, and commercial law in general, adopted under the OHADA Treaty on April 17, 1997; and (ii) make recommendations as to appropriate solutions.

3. Promotion of Small-Scale Local Investment through an effective small- and medium-enterprise (SME) support strategy

- (a) assessment of the Plan PME and its implementation, through the provision of technical advisory services and the organization of a dialogue between the Borrower, SME associations and other stakeholders;
- (b) improve SME performance in the area of business management through capacity building; and
- (c) carrying out of studies to assess the problems facing SMEs and implementation of the recommendations made by such studies.

4. Improvement of the Business Environment

- (a) Assisting the Liaison Committee to fully achieve its objectives through the provision of technical advisory services for analytical support on policy reform; and
- (b) Strengthen the Conseil National de Lutte contre la Fraude Economique by supporting its start-up activities through the acquisition of equipment and materials.

Part C: Strengthening the Legal and Judicial System

1. Implementation of the OHADA business law reform through:

- (a) disseminating the content of the new business laws adopted pursuant to the OHADA Treaty, through the publication and wide distribution of these laws and related texts;
- (b) the provision of training to legal practitioners in the territory of the Borrower; and
- (c) harmonization of existing laws with the newly adopted business laws in accordance with the relevant provisions of the OHADA Treaty.

2. Improvement in the functioning of the Judiciary

Carrying out of a program for the monitoring and evaluation of the implementation of the Plan d' Action de la Justice, through the provision of technical advisory services.

3. Operation of CACI

Improve the operations of CACI, in particular, through:

- (a) the acquisition of materials and relevant publications necessary for the activities of CACI;
- (b) provision of technical advisory services to (i) develop a plan of action to promote CACI in the legal and business sector, (ii) improve its procedures, (iii)

assess its technical quality during the start-up phase, and (iv) develop and publish an arbitration guide for use in the territory of the Borrower; and

(c) implementation of the plan of action referred to in the preceding subparagraph (b) through workshops for legal practitioners and information missions.

* * *

The Project is expected to be completed by September 30, 2001.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: General

1. 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 and in September 1997, subject to the modifications thereto set forth in paragraph 2 of this Part A, (the Guidelines); and (b) the provisions of the following Parts of this Section I.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: International Competitive Bidding

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.

Part C: Other Procurement Procedures

1. National Shopping

Goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000 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.

2. Procurement from UN Agencies

Vehicles, computers and other office equipment may be procured from IAPSO in accordance with the provisions of paragraph 3.9 of the Guidelines and as specified in the Project Implementation Manual.

Part D: Review by the Bank of Procurement Decisions

1. Prior Review

(a) With respect to each contract to be procured under international competitive bidding procedures, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to the first five contracts to be procured under shopping procedures, the following procedures shall apply:

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

(ii) prior to the execution of any contract, the Borrower shall provide to the Association a copy of the specifications and the draft contract; and

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

2. Post Review

With respect to each contract not governed by paragraph 1 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

1. 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 Bank in January 1997 and revised in September 1997, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

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 under Parts B and C of the Project, estimated to cost less than \$50,000 equivalent per contract, may comprise entirely local 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 of a standard or routine nature, including audits under Parts B and C of the Project, estimated to cost less than the equivalent of \$25,000, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Single Source Selection

Services under Parts B and C of the Project that meet the requirements set forth in paragraphs 3.8 to 3.11 of the Consultant Guidelines may, where appropriate and with the Association's prior agreement, be procured in accordance with the provisions of said paragraphs.

3. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall 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 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 consulting firms estimated to cost the equivalent of \$50,000 or more, but less than the equivalent of \$100,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

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

I. General

1. The Borrower shall: (i) prepare and transmit to the Association a Project Implementation Manual, satisfactory to the Association, giving details of all procurement and disbursement arrangements, performance indicators and other administrative, financial and organizational arrangements, as shall have been agreed with the Association for purposes of the Project; (ii) apply the criteria, policies, procedures, guidelines in the Project Implementation Manual; and (iii) not amend or waive the Project Implementation Manual or any provision thereof, in a manner which, in the opinion of the Association, may materially or adversely affect the implementation of the Project.

2. The Coordination Unit shall be responsible for all activities regarding the disbursement of funds for Parts B and C of the Project. The Coordination Unit shall also, in accordance with the arrangements specified in the Project Implementation Manual, assist CEPICI, MDPDI, Ministère de la Justice and CCI-CI in procurement matters related to the implementation of the Parts of the Project for which they are responsible. The Coordination Unit shall be managed by a coordinator with qualifications and experience satisfactory to the Association.

3. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators agreed upon between the Borrower and 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, every semester, beginning six (6) months after the Effective Date, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of

said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date;

(c) review, jointly with the Association, APEX-CI and CCI-CI, every year, starting twelve (12) months after the Effective Date, or such later date as the Association shall request, the reports referred to in sub-paragraph (b) of this paragraph, 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 said reports and the Association views on the matter;

(d) no later than eighteen months after the Effective Date, carry out jointly with the Association, APEX-CI and CCI-CI, a mid-term review. Such review shall assess the overall progress in the implementation of the Project; the result of the monitoring and evaluation activities and progress on procurement, disbursement and other financial management issues; and

(e) submit annual reports to the Association, beginning on the date twelve months after the Effective Date. Such reports shall address, as a minimum, evaluation of the performance of all Project implementing agencies and entities during the preceding twelve-month period, implementation and supervision of Project activities, procurement, rate of disbursement and any specific operational issues that have presented difficulties.

4. The Borrower shall, in order to ensure the adequate implementation of Parts A and C.3 the Project, duly perform all its obligations under the APEX-CI Convention and the CCI-CI Convention, respectively.

II. Provisions to be Included in the APEX-CI Convention

The APEX-CI Convention shall include, without being limited to, provisions to the following effect:

(a) the obligation of APEX-CI to carry out the implementation of Part A of the Project with due diligence and efficiency and in accordance with sound technical, managerial, and business standards, and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources, and expenditures in respect of activities financed under Part A of the Project;

(b) the obligation of APEX-CI to employ at all times during the execution of the Project a General Manager and staff with adequate qualifications and experience satisfactory to the Association to carry out the implementation of Part A of the Project;

(c) the amount allocated to Export Development Activities shall be used exclusively to finance such activities, through Matching Grants;

(d) no Export Development Activity shall be considered for financing under the Project except in accordance with the eligibility criteria, and terms and conditions, set forth in the APEX-CI Project Agreement and the Operating Manual adopted by APEX-CI and approved by the Borrower and the Association;

(e) goods and services required for the purposes of financing Export Development Activities under Part A.1 of the Project shall be procured in accordance with the Association's procedures as set forth in Schedule 1 to the APEX-CI Project Agreement and as detailed in the Operating Manual;

(f) all Matching Grants shall be approved by the Selection Committee in accordance with the criteria set forth in the APEX-CI Project Agreement and as further specified in the Operating Manual;

(g) the cumulative amount of Matching Grants for Beneficiaries shall not, except with the prior approval of the Association; exceed the equivalent of \$50,000 for a firm and \$80,000 for an association;

(h) no Export Development Activity shall be executed under Part A.1 of the

Project, unless a Matching Grant Agreement has been concluded between the Beneficiary and APEX-CI setting forth the respective obligations of the parties thereunder, including details of disbursement schedules and procurement procedures, and the amount of the relevant counterpart contribution; and

(i) the obligation of the Borrower to provide directly to APEX-CI, and in a manner satisfactory to the Association, part of its contribution to the financing of APEX-CI. III.

Part B:

1. The Borrower, through CEPICI, shall: (i) carry out Parts B.1 and B.2 of the Project in accordance with the provisions of this Agreement and the Project Implementation Manual; and (ii) consult with, and seek the agreement of, the Association prior to implementing any of the promotional events referred to in Part B.1(a) of schedule 2 to this Agreement.

2. The Borrower, through the Coordination Unit, shall carry out Part B.4 of the Project and shall furnish to the Association any recommendations made by the Liaison Committee referred to in Part B.4 of the Project.

IV. Provisions to be included in the CCI-CI Convention

The CCI-CI Convention shall include, without being limited to, provisions to the following effect:

(a) the amount allocated to CACI under Part C.3 of the Project shall be used exclusively to finance activities under Part C.3;

(b) goods and services required for the purposes of financing activities under Part C.3 of the Project shall be procured in accordance with the Association's procedures as set forth in Schedule 3 to this Agreement and as detailed in the Project Implementation Manual;

(c) the obligation of CCI-CI to carry out the implementation of Part C.3 of the Project in accordance with the provisions of this Agreement and the Project Implementation Manual, with due diligence and efficiency and in accordance with sound technical, managerial, and business standards, and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources, and expenditures in respect of activities financed under Part C.3 of the Project; and

(d) the right of the Borrower and the Association to inspect the operations of CACI or obtain all relevant information as they shall reasonably request regarding the implementation by CCI-CI of Part C.3 of the Project.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means, in the case of Special Account A, Categories 1(a), 2(a), 3 and 4(a) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, and in the case of Special Account B, Categories 1(b), 1(c), 1(d), 2(b), 2(c), 2(d), 4(b), 4(c) and 4(d) set forth in the said table;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project, as well as amounts paid or to be paid under Matching Grants 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 to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule, equivalent, in the case of Special Account A to CFA Francs 350,000,000 and in the case of Special Account B to CFA Francs 250,000,000; provided, however, that unless the Association shall otherwise agree, the Authorized Allocation for:

(i) Special Account A shall be limited to an amount equivalent to CFAF 175,000,000 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 Part A of the Project shall be equal to or exceed the equivalent of SDR 1,700,000; and

(ii) Special Account B shall be limited to an amount equivalent to CFAF 125,000,000 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 Parts B and C of the Project shall be equal to or exceed the equivalent of SDR 1,200,000.

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

3. After the Association has received evidence satisfactory to it that the respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective 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 respective 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 respective Special Account such amount or amounts as the Borrower shall have requested.

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the respective 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 any 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 Accounts;

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

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Special Account, 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 Parts of the Project related to that Special Account, shall equal the equivalent of twice the amount of the Authorized Allocation for that Special Account. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for that Special Account 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 respective 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 any 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 respective 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 any 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 any 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 Accounts.

(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.

