

CONFORMED COPY

CREDIT NUMBER 2344 BEN

(Natural Resources Management Project)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 9, 1992

CREDIT NUMBER 2344 BEN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 9, 1992, between the REPUBLIC OF BENIN (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Borrower intends to contract from the German Technical Cooperation Agency (GTZ) a grant (the GTZ Grant) in an amount of eight million six hundred thousand Deutsch Marks (DM 8,600,000) to assist in financing Parts A, C and F of the Project on the terms and conditions set forth in an agreement (the GTZ Grant Agreement) to be entered into between the Borrower and GTZ;

(C) the Borrower intends to contract from the Caisse Centrale de Cooperation Economique (CCCE) a grant (the CCCE Grant) in an amount of thirteen million French Francs (F 13,000,000) to assist in financing Parts F and G of the Project on the terms and conditions set forth in an agreement (the CCCE Grant Agreement) to be entered into between the Borrower and CCCE;

(D) the Borrower intends to contract from the United Nations Development

Funds (UNDP) a grant (the UNDP Grant) in an amount of six hundred forty thousand dollars (US\$640,000) to assist in financing Parts A and F of the Project on the terms and conditions set forth in an agreement (the UNDP Grant Agreement) to be entered into between the Borrower and UNDP;

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

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (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) "CFAF" means the currency of the Borrower;
- (b) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement and "Sub-accounts" means the accounts referred to in Section 2.02 (c) of this Agreement;
- (c) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated September 22, 1989 and October 27, 1989 between the Borrower and the Association;
- (d) "MDR" means Ministcre du Developpement Rural of the Borrower;
- (e) "DFRN" means Direction des Forctrs et des Ressources Naturelles;
- (f) "CENATEL" means Centre National de Teledetection;
- (g) "CARDER" means Centre d'Action Regionale pour le Developpement Rural;
- (h) "Coordinating Committee" means the Committee, in charge of the coordination of the Project, to be established by the MDR.

#### 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 ten million one hundred thousand Special Drawing Rights (SDR 10,100,000).

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

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special deposit account in a commercial bank acceptable to the Association on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment.

(c) The Borrower shall, for the purposes of Parts F, G and I of the Project, open and maintain in CFAF up to seven special deposit accounts (Sub-accounts) in one or more commercial banks acceptable to the Association, on terms and conditions satisfactory to the Association (including appropriate protection against set-off, seizure or attachment), one in the name of each of the management teams of the pilot sites and pilot land management operations referred to in Parts F, G and I of the

Project.

(d) Deposits into, and payments out of, the Special Account and each Sub-account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

(e) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1997 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

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

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

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

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

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each January 15 and July 15 commencing July 15, 2002 and ending January 15, 2032. Each installment to and including the installment payable on July 15, 2012, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

### ARTICLE III

#### Execution of the Project

Section 3.01. 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 MDR with due diligence and efficiency and in conformity with appropriate administrative, financial, and natural resources management practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

Section 3.03. The Borrower shall finalize and diffuse, not later than June 30, 1993 or such other date as the Borrower and the Association may agree, a national forestry program, satisfactory to the Association.

Section 3.04. The Borrower shall, for the purposes of carrying out the Project, employ and maintain staff with qualifications, experience, terms and conditions of employment, all satisfactory to the Association.

Section 3.05. The Borrower shall (a) maintain, for the duration of the Project, the Coordinating Committee with composition and functions acceptable to the Association; and

(b) cause the project coordinator to monitor project activities and prepare semiannual activities reports and work and training programs to be submitted each year for approval by the Coordinating Committee.

Section 3.06. The Borrower shall (a) open and thereafter maintain for the duration of the Project, in CFAF, a project account (the Project Account) in a bank acceptable to the Association and on terms and conditions acceptable to the Association; (b) deposit into the Project Account an initial amount of CFAF 30 million; and (c) thereafter deposit into the Project Account, not later than January 1, April 1, July 1 and October 1 in each year and subject to such modifications as the Borrower and the Association may agree upon an amount as follows: (i) in 1992 and 1993 the amount necessary to replenish the Project Account to the initial amount referred to in the preceding paragraph; (ii) in 1994 and 1995 the amount necessary to replenish the Project Account to CFAF 50 million; and (iii) thereafter, the amount necessary to replenish the Project Account to CFAF 70 million.

Section 3.07. Without limitation upon the provisions of Section 9.01 of the General Conditions, the Borrower and the Association shall carry out a mid-term evaluation of the progress achieved in carrying out the Project, at the latest three years after the Effective Date of this Agreement. The recommendations of such evaluation, once approved by the Borrower and the Association, shall be implemented with due diligence. The review shall cover, inter alia: (a) management of the Project; (b) progress made in the environmental monitoring; (c) implementation of the new forestry policy and of the forestry code; (d) performance of the local management units in the various pilot sites, in carrying out the preparation and implementation of the natural resources management plans; (e) financing under the Project of new studies and programs identified during Project implementation; (f) progress in carrying out Parts C and H of the Project; and (g) cooperation with other Governmental and non-Governmental Institutions and Donors.

### ARTICLE IV

#### Financial Covenants

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

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account and each Sub-account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
  - (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
  - (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.
- (c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:
- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
  - (ii) retain, until at least one year after the Association has received the audit 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.

## ARTICLE V

### Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that:

- (a) Technical assistance staff, satisfactory to the Association, have been selected;
- (b) the professional staff of DFRN and Forestry Department assigned to the CARDERS have been nominated and have reported to work;
- (c) the Borrower has concluded a contract, satisfactory to the Association, with a Consultant acceptable to the Association for the introduction of a computerized accounting management and monitoring system and related training activities;
- (d) the Borrower has concluded a contract, satisfactory to the Association, with independent external auditors acceptable to the Association, to carry out the audits referred to in Section 4.01 (b) (i) of this Agreement; and
- (e) the Borrower has adopted a Forestry Code acceptable to the Association.

Section 5.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purpose of Section 12.04 of the General Conditions.

## ARTICLE VI

### Representative of the Borrower; Addresses

Section 6.01. The Minister in charge of Finance of the Borrower 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:

Ministcre des Finances  
P.O. Box 302  
Cotonou, Benin

Telex:

50-09 MINIFIN

For the Association:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

197688 (TRT),  
248423 (RCA),  
64145 (WUI) or  
82987 (FTCC)

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

REPUBLIC OF BENIN

By /s/ Candide Ahouansou

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edwin R. Lim

Acting Regional Vice President  
Africa

#### SCHEDULE 1

##### Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil and rural works	2,150,000	100%
(2) Vehicles and equipment	1,870,000	100%

(3)	Technical Assistance	650,000	100%
(4)	Consultants' services and studies	2,150,000	100%
(5)	Training	290,000	100%
(6)	Operating costs	1,290,000	90% of expenses incurred up to December 31, 1993; 60% of expenses incurred up to December 31, 1995; 30% of expenses incurred thereafter
(7)	Refunding of Project Preparation Advance	540,000	Amount due pursuant to Section 2.02 (e) of this Agreement
(8)	Unallocated	1,160,000	
	TOTAL	10,100,000	

2. For the purposes of this Schedule, the term "operating costs" means expenses incremental to the Project incurred for items such as: office supplies, building maintenance costs, vehicle repair and maintenance costs, expenses for travel related to the Project, and salaries for locally contracted staff.

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

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

(b) payments made for expenditures under Categories (1), (2) and (6), until the initial deposit referred to in Section 3.06 (b) of this Agreement has been made into the Project Account.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to define and test programs aimed at stopping and possibly reversing the present trend of general degradation of renewable natural resources, by promoting sustainable production systems and natural resource management and establishing monitoring and evaluation systems.

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:

Strengthening natural resource planning, management, monitoring and evaluation capability, including support to DFRN, as central project management unit, and CENATEL in its role of agency responsible for remote sensing, analysis and mapping.

#### Part B:

Poaching control in the national parks with reinforcement of the forestry posts.

#### Part C:

Training and education of farmers, technical support staff and planners.

#### Part D:

Carrying out studies including the elaboration of a natural resources management master-plan for the Borgou Department, the study of the wood sub-sector and the means

of establishing, managing and funding a National Fund for natural resources.

Part E:

Gazetted forest resource management and rehabilitation of three pilot sites at Toui-Kilibo, Oueme-Superieur and Dogo-Ketou.

Part F:

Pilot land management operations on four watersheds at Aplahoue (Mono Department) Ouesse (Zou Department), Boukoumbe and Ouake (Atakora Department).

Part G:

Land registry operations on the pilot watershed sites under Part F, leading to mapping and recording individual and community rights and providing basic information for the future elaboration of a land legislation.

Part H:

Reinforcement of research development activities on natural resources management in the pilot watershed under Part F and on the Forestry Research Unit of Toui.

Part I:

Wildlife management with local participation at two pilot sites at Batia and Alphakouara on the border of the hunting areas of Pendjari and Djona, respectively.

\* \* \*

The Project is expected to be completed by June 30, 1997.

### SCHEDULE 3

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

###### Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. To the extent practicable: (a) contracts for goods shall be grouped in bid packages estimated to cost the equivalent of \$150,000 or more each; (b) contracts for civil works shall not exceed the equivalent of \$150,000 per unit; and (c) contracts for rural works, shall not exceed the equivalent of \$100,000 per unit.

###### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A 1 hereof, goods manufactured in Benin may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

###### Part C: Other Procurement Procedures

1. Vehicles and equipment estimated to cost less than the equivalent of \$150,000, per contract, up to an aggregate amount not to exceed the equivalent of \$300,000, may be procured under contracts awarded on the basis of competitive bidding, advertized locally, in accordance with procedures satisfactory to the Association.

2. Vehicles and equipment estimated to cost less than \$50,000 per contract, up to an aggregate amount not to exceed the equivalent of \$100,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three supplies, eligible under the Guidelines, in accordance with procedures satisfactory to the Association.

3. Civil works, estimated to cost less than \$150,000 per contract and rural works



estimated to cost less than \$100,000 per contract may be procured under contracts awarded on the basis of competitive bidding, advertized locally, in accordance with procedures satisfactory to the Association.

4. Rural works estimated to cost less than \$20,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,900,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three contractors, eligible under the Guidelines, or on the basis of standard unitary cost, in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$150,000 or more and to contracts for purchase of computer hardware, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association, pursuant to said paragraph 2 (d), shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association, pursuant to said paragraph 3, shall be furnished to the Association, as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

#### SCHEDULE 4

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (6) 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 200,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively:

(a) for eligible expenditures in accordance with the provisions of this Schedule; or

(b) in accordance with paragraph 7 of this Schedule.

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

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

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account (whether directly, or indirectly through any Sub-account in accordance with paragraph 7 of this Schedule) 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: (a) for an eligible expenditure, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence (received under paragraph 7 (c) of this Schedule or otherwise) showing that such payment was made exclusively for eligible expenditures; and (b) in the case of any payment made under paragraph 7 of this Schedule, 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 in accordance with paragraph 7 (a) of this Schedule.

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

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

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

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

6. (a) If the Association shall have determined at any time that any payment out of the Special Account or any Sub-account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule in the case of the Special Account, or was made for an expenditure not eligible pursuant to paragraph 7 of this Schedule, in the case of any Sub-account; 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 a Sub-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 paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

7. (a) The Borrower shall withdraw from the Special Account and deposit into each Sub-account funds to assist the beneficiary of such Sub-account to pay for goods and services under Parts F, G and I of the Project. Such withdrawals and deposits shall be in amounts sufficient to assist each beneficiary in the manner contemplated by Schedule 1 to this Agreement, to pay for such goods and services in due course, provided that, at no time shall the Borrower cause the amounts held in any Sub-account to exceed FCFA 10,000,000.

(b) Payments out of the Sub-account shall only be made for eligible expenditures in respect of Category (1), (2), (4) and (6) set forth in the table in paragraph 1 of Schedule to this Agreement.

(c) Any withdrawal from any Sub-account must be justified to the Borrower by the same documentation and other evidence regarding eligible expenditures provided for under paragraph 3 of this Schedule.

(d) If the Association or the Borrower shall have determined at any time that any amount outstanding in any Sub-account will not be required to cover further payments for eligible expenditures, the beneficiary of such Sub-account shall, promptly upon notice from the Bank or the Borrower, refund to the Special Account such outstanding amount.

