

CONFORMED COPY

CREDIT NUMBER 1829 BO

(Emergency Social Fund Project)

between

REPUBLIC OF BOLIVIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 31, 1987

CREDIT NUMBER 1829 BO

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 31, 1987, between the REPUBLIC OF BOLIVIA (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; and

(B) the Borrower intends to obtain from bilateral and multilateral aid and development organizations (hereinafter "Additional Financiers") loans and grants (hereinafter "Additional Funding") to assist in expanding the activities of the Emergency Social Fund on the terms and conditions to be set forth in agreements to be entered into between the Borrower and each of the Additional Financiers;

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 (the General Conditions), constitute an integral part of this Agreement, with the modification that the last sentence of Section 3.02 is deleted.

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) "ESF" means the Emergency Social Fund (Fondo Social de Emergencia) established by the President of the Republic of Bolivia as a public entity with full juridical personality, by Chapter I of Decreto Supremo No. 21137 of November 30, 1985 and revised by Decreto Supremo No. 21456 of November 28, 1986 of the Borrower;

(b) "Subsidiary Contractual Arrangements" means the contractual arrangements to be entered into between the Borrower and ESF pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to such contractual arrangements;

(c) "SEI Subproject" means a small-scale employment and income generation subproject, including, inter alia, housing, street paving, erosion control, reforestation, irrigation, water supply and sewerage subprojects for Beneficiaries (as hereinafter defined) to be financed in part out of the proceeds of the Credit;

(d) "SA Subproject" means a social assistance subproject, including, inter alia, training, construction of schools and medical centers, food supplement and vaccination subprojects for Beneficiaries (as hereinafter defined), to be financed in part out of the proceeds of the Credit;

(e) "Subprojects" means collectively, SEI Subprojects and SA Subprojects; "Subproject" means any one of such Subprojects;

(f) "Beneficiaries" means residents of Bolivia adversely affected by the economic conditions prevailing since 1980 or by the economic stabilization measures taken by the Borrower, including, inter alia, unemployed miners and public sector employees, their families, and those persons with critical nutritional or health needs; "Beneficiary" means any one of such Beneficiaries;

(g) "Implementing Entities" means any of the governmental and non-governmental entities which propose to carry out or are carrying out, a Subproject; "Implementing Entity" means any one of such Implementing Entities;

(h) "Supervising Entities" means any of the governmental and non-governmental entities which propose to supervise, or are supervising, the carrying out of Subprojects; "Supervising Entity" means any one of such Supervising Entities;

(i) "Subproject Agreement" means the agreement to be entered into between ESF and an Implementing Entity and, when appropriate, a Supervising Entity, for purposes of carrying out a Subproject, as the same may be amended from time to time, and such term includes all schedules to the Subproject Agreement;

(j) "ESF Procedure Guide" means the guide (Guia de Procedimiento) issued by ESF for processing and monitoring Subprojects provided by the Borrower to the Association on May 13, 1987;

(k) "ESF Evaluation Guide" means the guide (Guia del Evaluador) issued by the ESF setting forth criteria for evaluating and approving funding for Subprojects provided by the Borrower to the Association on May 13, 1987;

(l) "MINPLAN" means the Ministry of Planning and Coordination (Ministerio de Planeamiento y Coordinacion) of the Borrower;

(m) "Interagency Committee" means the committee to be established and maintained pursuant to Section 3.04 (a) of this Agreement; and

(n) "Organizational Chart" means the chart detailing key management personnel positions for ESF provided by the Borrower to the Association on May 13, 1987.

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 seven million eight hundred thousand Special Drawing Rights (SDR \$7,800,000).

Section 2.02. 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.

Section 2.03. The Closing Date shall be January 31, 1989 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 at the rate of one-half of one percent (1/2 of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue from a date sixty days after the date of the Development Credit Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or shall be cancelled.

(b) 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 April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 15 and October 15 commencing October 15, 1997, and ending April 15, 2037. Each installment to and including the installment payable on April 15, 2007 shall be one-half of one percent (1/2 of 1%) of such principal amount, and each installment thereafter shall be one and one-half percent (1-1/2%) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

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

(b) The Borrower shall enter into subsidiary contractual arrangements, satisfactory to the Association, with ESF providing, inter alia, for:

(i) the transfer of the proceeds of the Credit on a grant basis to ESF for purposes of carrying out the Project;

(ii) the assistance of MINPLAN in carrying out the studies referred to in Part B.2 of the Project, including the provision of competent staff in adequate numbers;

(iii) the obligation of ESF to carry out the Project in accordance with the terms and conditions set forth in this Agreement, including, without limitation, carrying out the Project in accordance with

the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall exercise its rights under the Subsidiary Contractual Arrangements in such manner as to protect the interests of the Borrower, and the Association and ESF and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not change, assign, amend, abrogate or waive such Subsidiary Contractual Arrangements or any provision thereof.

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 cause ESF: (a) to hire competent and qualified employees to fill all of the key personnel positions detailed on the Organizational Chart; and

(b) to consult with the Association with respect to replacement prior to such replacement of any key personnel at the Director through the Executive Director level, as detailed on the Organizational Chart.

Section 3.04. The Borrower shall:

(a) establish by September 30, 1987, and thereafter maintain through completion of the Project, an interagency committee, headed by the Minister of MINPLAN, and composed of such other members as shall be acceptable to the Association;

(b) cause the Interagency Committee to monitor the socio-economic effects of Subprojects;

(c) cause ESF and the Interagency Committee to carry out with the assistance of MINPLAN the study referred to in Part B.2 (i) of the Project under terms of reference satisfactory to the Association, and furnish the results of such study, by March 31, 1988, to the Association for its review and comment;

Section 3.05. The Borrower shall cause ESF to carry out the study referred to in Part B.2 (ii) of the Project under terms of reference satisfactory to the Association, and furnish a report of the results of such study and the application of such results, by January 31, 1988, to the Association for its review and comment.

Section 3.06. Without any limitation to or restriction upon its other reporting requirements under the General Conditions and this Agreement, the Borrower shall, and shall cause ESF:

(a) to exchange views with the Association, at all such times as the Association shall reasonably request, with regard to the progress of the Project and Subprojects, the performance of ESF of its obligations under the Subsidiary Contractual Arrangements and of ESF, Implementing Entities and Supervising Entities of their respective obligations under Subproject Agreements, and other matters relating to the purposes of the Credit;

(b) promptly inform the Association of any condition which interferes, or threatens to interfere, with the progress of the Project and Subprojects, the accomplishment of the purposes of the Credit, or the performance of ESF of its obligations under the Subsidiary Contractual Arrangements, or the performance of ESF, Implementing Entities and Supervising Entities under Subproject Agreements;

(c) provide by September 30, 1987 and by December 31, 1987, reports of such scope and in such detail as the Association shall reasonably request, on the progress of obtaining Additional Funding and of implementing the Project and Subprojects; and

(d) provide by March 31, 1988 a report, of such scope and in such detail as the Association shall reasonably request, on the operations of ESF through the 1987 calendar year.

Section 3.07. The Association and the Borrower agree that: (i) the Borrower shall cause ESF to request approval of, or authorization for withdrawal of the proceeds of the Credit with respect to, Subprojects in a prompt, timely and expeditious manner; and (ii) the Association shall promptly review and respond to such requests referred to in subparagraph (i) of this Section within a reasonable period of time.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall, or shall cause ESF, to maintain separate records and accounts adequate to reflect in accordance with sound accounting practices the operations and financial condition of ESF and the operation, resources and expenditures in respect of the Project and each Subproject.

(b) The Borrower shall, or shall cause ESF, to:

(i) have the records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) of ESF, 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 four months after the end of each such year: (A) certified copies of its financial statements for such year as so audited; and (B) 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 such records, accounts, financial statements 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, or shall cause ESF, to:

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

(ii) retain, until one year after the Association has received the audit report for the fiscal year in which the last disbursement 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

Other Covenants

Section 5.01. The Borrower shall cause ESF:

(a) to take out and maintain with responsible insurers, or to make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;

(b) to carry on its operations and conduct its affairs in accordance with sound administrative, financial and managerial practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and

(c) at all times to operate and to maintain its offices, machinery, equipment, vehicles, and other property, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and managerial practices.

ARTICLE VI

Remedies of the Association

Section 6.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) 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 ESF will be able to perform its obligations under the Subsidiary Contractual Arrangements or under Subproject Agreements;

(b) Decreto Supremo No. 21456 of November 28, 1986 of the Borrower shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of ESF to perform any of its obligations under the Subsidiary Contractual Arrangements or under Subproject Agreements; or

(c) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of ESF, or for the suspension of its operations, other than in accordance with the provisions for closing the operations of ESF set forth in the Decreto Supremo referred to in paragraph (b) of this Section.

Section 6.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified: (i) any event specified in paragraph (b) of Section 6.01 of this Agreement shall occur and continue for a period of sixty days; and (ii) any event specified in paragraph (c) of Section 6.01 of this Agreement shall occur.

ARTICLE VII

Effective Date; Termination

Section 7.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that the Subsidiary Contractual Arrangements have been entered into between the Borrower and ESF.

Section 7.02. The following is specified as an additional matter, 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, namely, that the Subsidiary Contractual Arrangements have been duly authorized or ratified by, and are legally binding upon ESF and the Borrower in accordance with their terms.

Section 7.03. The date of October 29, 1987, is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 7.04. The obligations of the Borrower under Articles III, IV and V of this Agreement and the provisions of Section 6.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date twenty years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VIII

Representative of the Borrower; Addresses

Section 8.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Minister of Finance
Ministerio de Finanzas
Calle Bolivar No. 582
La Paz, Bolivia

Cable address:

MINFIN
La Paz, Bolivia

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:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

With a copy to:

Executive Director
Fondo Social de Emergencia
Edificio Banco Central
Piso 12, Casilla 23506
La Paz, Bolivia

Telex:

3528 FSETEL-BV

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, month and year first above written.

REPUBLIC OF BOLIVIA

By /s/ Fernando Illanes

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ S. Shahid Husain

Regional Vice President
Latin America and the Caribbean

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) SEI Subprojects under Part A.1 of the Project	5,380,000	75% of amounts disbursed by ESF for each sub- project

(2)	SA Subprojects under Part A.2 of the Project	1,790,000	75% of amounts disbursed by ESF for each Sub-project
(3)	Consultants' services and studies under Part B of the Project	80,000	100%
(4)	Unallocated	550,000	
	TOTAL	\$7,800,000	

2. Notwithstanding the provisions of paragraph 1 above and unless otherwise agreed by the Association, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR \$780,000, may be made on account of payments made for expenditures before that date but after May 15, 1987;

(b) expenditures for a Subproject unless the Association shall have received the information set forth in the Appendix to Schedule 4 in respect of such Subproject;

(c) expenditures for a Subproject for which the estimated financing to be provided by ESF is the equivalent of \$250,000 or more, unless the Subproject has been approved by the Association prior to signing the relevant Subproject Agreement; and

(d) expenditures for a Subproject for which the estimated financing to be provided by ESF is less than the equivalent of \$250,000, unless withdrawal from the Credit Account with respect to such Subproject has been authorized by the Association.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in: (i) carrying out a program of employment generation and social assistance in order to meet the needs of those persons adversely affected by economic recession and economic adjustment and stabilization measures; (ii) strengthening the management, operations and institutional capacity of ESF; and (iii) defining long-term policy to alleviate poverty.

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: Subprojects

1. SEI Subprojects

Financing and carrying out of small-scale employment and income generating subprojects, including housing, street paving, erosion control, reforestation, water supply, irrigation and sewerage subprojects to benefit unemployed, displaced and low-income persons residing in Bolivia.

2. SA Subprojects

Financing and carrying out of social assistance subprojects, including training, construction of schools and medical centers, food supplement and vaccination subprojects to benefit unemployed, displaced and low-income persons residing in Bolivia.

Part B: Technical Assistance and Studies

1. Provision of technical assistance to ESF and Implementing Entities for purposes of designing, evaluating, monitoring and implementing Subprojects; and

2. the carrying out of studies for purposes of:

- (i) determining and monitoring the long-term social impact of economic adjustment measures, including assessing ESF as part of such

adjustment and extending the survey of households conducted by the National Institute of Statistics (Instituto Nacional de Estadística) to rural households; and

- (ii) surveying up to 600 displaced workers to determine patterns of migration, employment, family and social structure changes.

* * *

The Project is expected to be completed by July 31, 1988.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: Local Shopping

1. Items or groups of items, including civil works and goods estimated to cost the equivalent of \$250,000 or more per contract, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the International Bank for Reconstruction and Development in May 1985 (the Guidelines), in accordance with procedures acceptable to the Association.

2. To the extent practicable within each Subproject, contracts for civil works or for goods shall be grouped in packages for purposes of soliciting price quotations.

Part B: Direct Contracting

Items or groups of items, including civil works and goods, estimated to cost less than the equivalent of \$250,000 per contract, may be procured by direct contracting, on the basis of the unit prices established by ESF and approved by the Association, from suppliers eligible under the Guidelines.

Part C: Review by the Association of Procurement Decisions

1. Review of awards and final contracts:

(a) With respect to each contract for civil works and goods estimated to cost the equivalent of \$250,000 or more, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply.

(b) The provisions of the preceding subparagraph (a) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

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, ESF, Implementation Entities and Supervising Entities in carrying out the Project and Subprojects, the Borrower shall cause to be employed 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

Implementation Program

I. ESF Operating Procedures

1. Proposals for Subprojects may be initiated or sponsored by governmental and non-governmental entities, community and other groups. Proposals for Subprojects shall identify the type of Subproject, describe the works or goods to be financed,

and identify the Implementing Entity, Supervising Entity and Beneficiaries.

2. ESF shall process the proposals for Subprojects received in accordance with its Procedure Guide. The Procedure Guide shall be modified from time to time, on a basis and in a manner acceptable to the Association, and taking into consideration the results of the study referred to in Part B.2 of the Project.

3. ESF shall:

- (i) identify and promote the development of Subprojects;
- (ii) screen and appraise Subprojects;
- (iii) identify additional sources of funds and obtain Additional Funding to expand the number of Subprojects financed by ESF; and
- (iv) contract for and monitor the implementation of Subprojects.

4. ESF shall evaluate Subprojects in accordance with its Evaluation Guide. The Evaluation Guide shall be modified from time to time on a basis and in a manner acceptable to the Association.

5. ESF shall determine the estimated value of each Subproject, such estimated value to be reasonable and acceptable to the Association.

6. ESF shall approve each Subproject on the basis of criteria acceptable to the Association and shall submit to the Association:

- (i) each Subproject for which the estimated financing to be provided by ESF is the equivalent of \$250,000 or more, for review and approval by the Association, prior to entering into the relevant Subproject Agreement for such Subproject; and
- (ii) each Subproject for which the estimated financing to be provided by ESF is the equivalent of less than \$250,000, for review, and authorization by the Association to withdraw funds from the Credit Account with respect to such Subproject.

The information that shall be provided to the Association with respect to each Subproject shall be acceptable to the Association and shall include at least the information set forth in the Appendix to this Schedule.

7. Subprojects shall be carried out pursuant to written agreements between ESF, the Implementing Entity, Supervising Entity and other relevant parties, under terms and conditions satisfactory to the Association, including inter alia, providing for the following obligations and rights:

- (i) the obligation to carry out the Subproject with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and to maintain adequate records to reflect in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Subproject;
- (ii) the requirement that: (A) the goods and services to be financed from the proceeds of the Credit shall be procured in accordance with Schedule 3 of this Agreement; and (B) such goods and services shall be used exclusively in the carrying out of the Subproject;
- (iii) the right of ESF to inspect, by itself, or jointly with representatives of the Association, if the Association shall so request, such goods and the sites, works, plants and construction included in the Subproject, the operations thereof and any relevant records and documents;
- (iv) the right of ESF to obtain all such information as ESF or the Association shall reasonably request regarding the foregoing, the administration, operations and financial condition of the Subproject and the benefits to be derived from the Subproject;
- (v) the right of ESF to suspend or terminate the right of the Implementing Entity and Supervising Entity to use the proceeds of the Credit for the Subproject upon failure by any such Entity to

perform any of its respective obligations under its Subproject Agreement with ESF; and

- (vi) the obligation of the Implementing Entity and Supervising Entity to report on the progress of implementing the Subproject.

II. Terms and Conditions of Subprojects

1. Subprojects shall be financed on the following terms and conditions:

- (i) financing may be on a grant or loan basis;
- (ii) financing out of the proceeds of the Credit shall not exceed 75% of the estimated value of each Subproject;
- (iii) a mobilization advance of 20% of the estimated value of the Subproject may be paid upon signing of the Subproject Agreement. Subsequent payments thereafter may be made on the basis of a percentage, acceptable to the Association, of works completed or goods procured, and shall be evidenced by written documentation thereof. A retention of 10% of the estimated value of the Subproject may be paid upon completion of the Subproject, as evidenced by a certificate of completion, acceptable to the Association.

2. SEI Subprojects under Categories 31, 33, 34, 35, 41, 42, 43, 51, 61, 62, 63, 64 and 65 as set forth in the ESF Evaluation Guide and which have an estimated value of the equivalent of \$100,000 or more, shall be eligible for financing out of the proceeds of the Credit only if an economic rate of return of at least 12% can be demonstrated, calculated on a basis and using criteria acceptable to the Association.

APPENDIX TO SCHEDULE 4

Key Indicators for Subproject Review by the Association

Type of Project:

Total Estimated Value of Subproject:

Total ESF Contribution to Subproject:

Region:

Location of Project:

Target Population:

Description of Project

Duration of Project:

Sponsor:

Implementing Entity:

Supervising Entity:

Summary of costs:

Number of man-months of employment generated:

Total cost per man-month:

Economic rate of return (if relevant)

Other benefit indicators:

(for example, number of beneficiaries, qualitative description, kilometers of road, traffic density, number of hectares irrigated, medical services provided, quantity of potable water provided, etc.)

Cost recovery provision:

Procurement method:

