

CONFORMED COPY

CREDIT NUMBER 2779 IVC

Development Credit Agreement

(Agricultural Sector Adjustment Credit)

between

REPUBLIC OF COTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 27, 1995

CREDIT NUMBER 2779 IVC

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 27, 1995, between REPUBLIC OF COTE D'IVOIRE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Association has received a letter dated August 24 , 1995 (hereinafter called the Letter of Agricultural Development Policy) from the Borrower, describing a program of actions, objectives and policies designed to achieve structural adjustment of the Borrower's agricultural sector (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Association in the financing of urgently needed imports required during such execution; and

(B) on the basis, inter alia, of the foregoing, the Association has decided in support of the Program to provide such assistance to the Borrower by making the Credit in three tranches as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

- (a) Section 2.01, paragraph 9, shall be modified to read:

"'Project' means the imports and other activities that may be financed out of the proceeds of the Credit pursuant to the provisions of Schedule 1 to the Development Credit Agreement";

- (b) Section 9.06 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Program referred to in the Preamble to the Development Credit Agreement, the performance by the Borrower and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit";

- (b) the last sentence of Section 3.02 is deleted; and

- (c) the second sentence of Section 5.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank 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) "CAA" means Caisse Autonome d'Amortissement, a public financial institution of the Borrower.

(b) "CAISTAB" means Caisse de Stabilisation et de Soutien des Prix des Productions Agricoles, the Borrower's cocoa/coffee marketing board.

(c) "PALMINDUSTRIE" means Societe Palmindustrrie of the Borrower.

(d) "Lot A of PALMINDUSTRIE" means the agro-industrial units in the South-East area of the Borrower's territories, including the palm oil industrial plantations and mills of Ehania and Toumanguie and all other related assets.

(e) "Lot B of PALMINDUSTRIE" means the agro-industrial units in the South-West area of the Borrower's territories, including the palm oil industrial plantations and mills of Neka, Iboke and Blidouba and all other related assets.

(f) "Lot C of PALMINDUSTRIE" means the agro-industrial units in the Central-Eastern area of the Borrower's territories, including the palm oil industrial plantations and mills of Anguededou, Eloka and Dabou, and all other related assets.

(g) "Lot D of PALMINDUSTRIE" means the agro-industrial units in the Central area of the Borrower's territories, including the palm oil industrial plantations and mills of Irobo and Boubo.

(h) "Lot E of PALMINDUSTRIE" means the agro-industrial units in the Central-Western area of the Borrower's territories, including the palm oil industrial plantations and mills of Soubre and Boulo.

(i) "Lot F of PALMINDUSTRIE" means the coconut industrial plantations of Assinie, Port Bouet, Jacqueville, Glike, Grand Lahou and Fresco.

(j) "Lot G of PALMINDUSTRIE" means the kernel factory of Vridi.

(k) "SODESUCRE" means Societe pour le Developpement des Plantations de la Canne a Sucre, l'Industrialisation et la Commercialisation du Sucre of the Borrower.

(l) "CIDT" means Compagnie Ivoirienne de Developpement des Textiles of the Borrower.

(m) "SITC" means the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M, No. 343 (1986).

(n) "Environmentally Hazardous Goods" means goods prohibited to be imported under the laws of the Borrower or international agreements to which the Borrower is a party.

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 ninety-five million eight hundred thousand Special Drawing Rights (SDR 95,800,000).

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.

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 canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

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

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one 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 and service charges shall be payable semiannually on

March 1 and September 1 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 March 1 and September 1 commencing March 1, 2006 and ending September 1, 2035. Each installment to and including the installment payable on September 1, 2015 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.

Section 2.09. (a) The General Director of Caisse Autonome d'Amortissement (CAA) is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

(b) Without limitation or restriction to the foregoing, the Borrower hereby entrusts CAA with responsibility for the preparation of withdrawal applications under the Credit and for the collection of the documents and other evidence to be furnished to the Association in support of such applications; such withdrawal applications shall to the extent practicable be consolidated so as to apply for withdrawal of aggregate amounts of not less than \$1,000,000 equivalent.

ARTICLE III

Particular Covenants

Section 3.01. (a) The Borrower and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program.

(b) Prior to each such exchange of views, the Borrower shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request.

(c) Without limitation upon the provisions of paragraph (a) of this Section, the Borrower shall exchange views with the Association on any proposed action to be taken after the disbursement of the Credit which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program, including any action specified in Schedule 3 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of

the goods to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 2 to this Agreement.

Section 3.03. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with consistently maintained sound accounting practices the expenditures financed out of the proceeds of the Credit.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section 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 or ninety days after the last withdrawal from the Credit Account, whichever date is the earliest, 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 and accounts and the audit thereof as the Association shall from time to time reasonably request.

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

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

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year or the period in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents, or customs certificates, as appropriate) 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 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 or period, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE IV

Additional Event of Suspension

Section 4.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

ARTICLE V

Termination

Section 5.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. Except as provided in Section 2.09 (a) of this Agreement, the Minister of the Borrower responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Economy,
Finance and Plan
B.P. V 125
Abidjan
Republic of Cote d'Ivoire

Cable address:

MINFIN
Abidjan

Telex:

23747 MINFIN

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

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

REPUBLIC OF COTE D'IVOIRE

By /s/ Moise Koumoue Koffi

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Olivier Lafourcade

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. Subject to the provisions set forth or referred to in this Schedule, the proceeds of the Credit may be withdrawn from the Credit Account for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods required during the execution of the Program and to be financed out of such proceeds.

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

(a) expenditures for goods included in the following SITC groups or subgroups, or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Borrower:

Group	Subgroup	Description of Items
112	--	Alcoholic beverages
121	--	Tobacco, unmanufactured, tobacco refuse
122	--	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	--	Radioactive and associated materials
667	--	Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof, fuel elements(cartridges), non irradiated for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	--	Gold, non monetary (excluding gold ores and concentrates)

(b) expenditures in the currency of the Borrower or for goods supplied from the territory of the Borrower, excluding, if the currency of the Borrower is also that of another country, expenditures in such currency for goods supplied from the territory of such other country;

(c) payments made for goods imported prior to the date of this Agreement, except that withdrawals in an aggregate amount not exceeding the equivalent of SDR 19,200,000 may be made on account of payments made for such goods imported before that date but after the date falling four months prior to the date of this Agreement;

(d) expenditures for goods procured under contracts costing less than \$10,000 equivalent;

(e) expenditures for goods supplied under a contract which any national or international financing institution or agency other than the Association shall have financed or agreed to finance;

(f) expenditures for goods intended for a military or paramilitary purpose or for luxury consumption; and

(g) expenditures for Environmentally Hazardous Goods.

3. Withdrawals for expenditures under contracts for the procurement of goods estimated to cost less than \$5,000,000 may be required by the Association upon the basis of statements of expenditure under such terms and conditions as the Association shall specify.

4. No withdrawal shall be made and no commitment shall be entered into to pay amounts to or on the order of the Borrower in respect of expenditures to be financed out of the proceeds of the Credit:

(a) after the aggregate of the proceeds of the Credit withdrawn from the Credit Account and the total amount of such commitments shall have reached the equivalent of SDR 38,300,000, unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement, based on evidence satisfactory to the Association:

(i) with the progress achieved by the Borrower in the carrying out of the Program;

(ii) that the actions described in paragraph 1 of Schedule 3 to this Agreement have been taken and are satisfactory to the Association; and

(iii) that the Borrower's macro-economic policy framework is consistent with the objectives of the Program on the basis of indicators agreed with the Association; and

(b) after the aggregate of the proceeds of the Credit withdrawn from the Credit Account and the total amount of such commitments shall have reached the equivalent of SDR 67,000,000, unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement, based on evidence satisfactory to the Association:

(i) with the progress achieved by the Borrower in the carrying out of the Program;

(ii) that the actions described in paragraph 2 of Schedule 3 to this Agreement have been taken and are satisfactory to the Association; and

(iii) that the Borrower's macro-economic policy framework is consistent with the objectives of the Program on the basis of indicators agreed with the Association.

5. If, after any such exchange of views described in paragraphs 4(a) or 4(b) above, the Association shall have given notice to the Borrower that the progress achieved and actions taken are not satisfactory and, within 90 days after such notice, the Borrower shall not have achieved progress satisfactory to the Association and taken actions satisfactory to the Association, then the Association may, by notice to the Borrower, cancel the unwithdrawn amount of the Credit or any part thereof.

SCHEDULE 2

Procurement

Section I. Procurement of Goods

Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines, subject to the provisions of paragraphs 2.63, 2.64 and 2.65 thereof.

2. Goods shall be exempted from preshipment price inspection by a third party inspection firm.

Part C: Other Procurement Procedures

Goods estimated to cost less than \$5,000,000 equivalent per contact may be procured:

1. by purchasers required to follow the Borrower's public procurement procedures for the importation of goods, under contracts awarded in accordance with such procedures, provided that such procedures shall have been found acceptable by the Association; and

2. by other purchasers:

(a) under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines; or

(b) in the circumstances described in paragraph 3.7 of the Guidelines, under direct contracting procedures in accordance with the provisions of said paragraph of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Prior Review

With respect to each contract estimated to cost more than \$5,000,000 equivalent, the procedures set forth in paragraphs 2 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.

SCHEDULE 3

Actions Referred to in Paragraphs 4(a) (ii) and
4(b) (ii) of Schedule 1 to this Agreement

1. For the purposes of the release of the second tranche, the Borrower has taken the following actions in accordance with paragraphs 21, 22, 24, 26, 32, 33, 35, 36, 37, 39, 41, 54, 56, 58 and 59 of the Letter of Agricultural Development Policy:

(a) Coffee and Cocoa Sector:

(i) External Marketing.

(A) The Comite Interministeriel de Suivi has furnished evidence satisfactory to the Association that the system of auctioning off cocoa pursuant to CAISTAB Board of August 10, 1995 has been complied with. and coffee export rights adopted Directors' decision of

(B) The Borrower has furnished to the Association for its review and at further basis of the conclusions of process for completing said study. comments, the intermediary report of the study aiming improving the coffee marketing, and on the said report, has decided on the

(ii) CAISTAB Expenditures. The level of CAISTAB expenditures for

1996-97 crop season has been determined in agreement with the Association, and with a view to providing for the appropriate functioning of CAISTAB technical reserve fund during the 1996-97 crop season, the Borrower has caused CAISTAB to limit allocations to such fund, not to exceed CFAF 35 billion equivalent or such other amount as agreed upon between the Borrower, CAISTAB and the Association.

(b) Rice Sector: The Borrower has removed all price controls on ordinary rice and for such purpose has published a decree modifying Decree No. 92-50 of January 8, 1992, and has eliminated the system of equalization for transport costs and for such purpose has published an arrete abrogating Arrete No. 298 MEFCP/CGP of June 21, 1995.

(c) Trade and Price Reform:

(i) The Borrower has removed non-tariff barriers on importation of agricultural tools and wheat flour and all price controls on said products, and for such purpose the Borrower has published decrees modifying Decrees No. 93-313 of March 11, 1993 and No. 92-50 of January 8, 1992.

(ii) The Borrower has introduced in its 1996 budget law: (1) customs duties on importation of wheat and flour such that the effective protection rate of the local milling industry does not exceed 40%; and (2) compensatory duties on importation of wheat, flour, jute bags and plastic sheets in an amount determined in agreement with the Association.

(iii) The Borrower has published an interministerial decision pursuant to which: (1) non-tariff barriers on importation of, and price controls on, sugar shall be removed effective not later than the date when the majority of the share capital of SODESUCRE is controlled by the private sector; and (2) non-tariff barriers on importation of cotton textiles and price controls on cotton-grain shall be removed effective not later than the date when the majority of the share capital of CIDT is controlled by the private sector, and for such respective purposes the Borrower shall publish corresponding decrees.

(d) Public Expenditures in Agriculture:

(i) The Borrower has adopted, in accordance with the three-year 1996-1998 rolling public investment program in agriculture, its agricultural investment budget for fiscal year 1996, which has been approved in the Borrower's budget law for said year.

(ii) The main components of the agricultural investment program for fiscal year 1997 have been agreed upon between the Borrower and the Association.

(e) Public Enterprise Sector:

(i) All bids received for Lots A, B and G of PALMINDUSTRIE have been analyzed, and the successful bidders have been selected and invited to enter into negotiations.

(ii) Lot C of PALMINDUSTRIE and SODESUCRE have been offered for sale, i.e. prospectuses and tender documents have been prepared and advertisements and notices have been published.

(iii) The Borrower's Council of Ministers has adopted a privatization strategy for CIDT, satisfactory to the Association.

2. For the purpose of the release of the third tranche, the Borrower has taken the following actions in accordance with paragraphs 21, 32, 33, 35, 36, 37, 39, 43, 54, 56, 58 and 59 of the Letter of Agricultural Development Policy:

(a) Coffee and Cocoa Sector:

(i) External Marketing.

(A) The Comite Interministeriel de Suivi has furnished evidence satisfactory to the Association that the system of auctioning off cocoa and coffee export rights adopted pursuant to CAISTAB Board of Directors' decision of August 10, 1995 has been complied with.

(B) Following completion of the study aiming at further improving the coffee marketing, the Borrower has adopted a plan of actions and implemented those actions relating to the crop season 1996-1997.

(ii) CAISTAB Technical Reserve Fund: With a view to providing for the appropriate functioning of CAISTAB technical reserve fund during the 1996-97 crop season, the Borrower has caused CAISTAB to limit its net allocations in the aggregate to such fund, not to exceed the amount determined pursuant to paragraph 1 (a) (ii) of this Schedule.

(b) Rice Sector:

(i) The Borrower has eliminated the import quota on ordinary rice and for such purpose has published a decree modifying Decree No. 93-313 of March 11, 1993.

(ii) On the basis of the results of the evaluation of the pilot operation for the importation of broken rice during the calendar year 1996, the Borrower has adopted a decision on the measures to be taken concerning the importation of said product, in agreement with the Association.

(c) Public Expenditures in Agriculture:

(i) The Borrower has implemented its agricultural investment budget for fiscal year 1996, referred to in paragraph 1 (d) (i) of this Schedule.

(ii) The Borrower has adopted, in accordance with the three-year 1997-1999 rolling public investment program in agriculture, its agricultural investment budget for fiscal year 1997, which has been approved in the Borrower's budget law for said year.

(iii) The main components of the agricultural investment program for fiscal year 1998 have been agreed upon between the Borrower and the Association.

(d) Public Enterprise Sector: All bids received for Lots D, E and F of PALMINDUSTRIE, SODESUCRE and CIDT have been analyzed, and the successful bidders have been selected and invited to enter into negotiations.

