

CONFORMED COPY

CREDIT NUMBER 1880 NIR

(Energy Project)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 18, 1988

CREDIT NUMBER 1880 NIR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated March 18, 1988, between Republic of Niger (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) Parts A and C of the Project will be carried out by DFF and DE (as hereinafter defined), respectively, and Part B of the Project will be carried out by NIGELEC (as hereinafter defined) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to NIGELEC part of the proceeds of the Credit as provided in this Agreement;

(C) the Borrower intends to obtain from the Danish International Development Agency (DANIDA) a grant (the DANIDA Grant) in an amount equivalent to \$10,300,000 to assist in financing Part A of the project on the terms and conditions set

forth in an agreement (hereinafter called the DANIDA Grant Agreement) to be entered into between the Borrower and the Association as administrator of the funds provided by DANIDA pursuant to an administrative agreement, dated December 29, 1987, between DANIDA and the Association;

(D) by an agreement dated December 18, 1987 (hereinafter called the EIB Loan Agreement) the European Investment Bank (hereinafter called EIB) has agreed to make a loan (hereinafter called the EIB Loan) in an amount equivalent to fourteen million three hundred thousand European Currency Units (ECU 14,300,000) to assist in financing the Project on the terms and conditions set forth in the EIB Loan Agreement;

(E) the Borrower intends to obtain from the Kreditanstalt für Wiederaufbau (hereinafter called KfW) a grant (hereinafter called the KfW Grant) in an amount of twenty million Deutsche Marks (DM 20,000,000) to assist in financing the Project on the terms and conditions set forth in an agreement (hereinafter called the KfW Grant Agreement) to be entered into between the Borrower and KfW; and

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

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

(b) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and NIGELEC pursuant to Section 3.01 (d) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement;

(c) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement;

(d) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to exchanges of letters dated July 13, 1983, October 19, 1983, February 13, 1987 and March 20, 1987 between the Borrower and the Association.

(e) "DE" means the Direction de l'Energie of the Borrower;

(f) "DFF" means the Direction des Forêts et de la Faune of the Borrower;

(g) "Fiscal Year" means the Borrower's fiscal year which runs from October 1 to September 30;

(h) "NEPA" means the National Electric Power Authority of Nigeria; and

(i) "NIGELEC" means SociÉTÉ NigÉrienne d'ElectricitÉ, a sociÉTÉ anonyme d'Économie mixte existing under the laws of Niger.

## 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 twenty four million seven hundred thousand Special Drawing Rights (SDR 24,700,000).

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

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFA Francs two special accounts in a commercial bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 3 to this Agreement.

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

Section 2.03. The Closing Date shall be December 31, 1994 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 May 1 and November 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 May 1 and November 1 commencing May 1, 1998 and ending November 1, 2027. Each

installment to and including the installment payable on November 1, 2007 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. For purposes of Part B of the Project, NIGELEC 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.

### 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 Parts A.3, A.4 and C of the Project through DE, Parts A.1 and A.2 of the Project through DFF, under the overall responsibility of the Ministry of Mines and Energy and the Ministry of Agriculture and Environment, respectively, and Part B of the Project through NIGELEC, with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices, and shall provide, promptly, as needed, the funds, facilities, services and other resources required for the Project.

(b) Without any limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall cause NIGELEC to perform in accordance with the provisions of the Project Agreement all the obligations of NIGELEC therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable NIGELEC to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(c) The Borrower shall, for the purposes of Part B of the Project:

(i) relend to NIGELEC the proceeds of the Credit as may

be allocated from time to time to Category (1) of the table set forth in paragraph 1 of Schedule 1 to this Agreement (except for the proceeds of the Credit allocated from time to time to Categories (1) (d) and (f) for Parts B.4 (a) and B.4 (b) of the Project) under a subsidiary loan agreement to be entered into between the Borrower and NIGELEC, under terms and conditions which shall have been approved by the Association which shall include an interest rate equal to 7.76% and a 20 years repayment period including a grace period of 5 years, and NIGELEC shall bear the foreign exchange risk on such onlending; and

- (ii) make available to NIGELEC on a grant basis the proceeds of the Credit allocated from time to time to Categories (1) (d) and (f) of the table set forth in paragraph 1 of Schedule 1 to this Agreement for Parts B.4 (a) and B.4 (b) of the Project.

(d) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement 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 4 to this Agreement.

Section 3.03. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part B of the Project shall be carried out by NIGELEC pursuant to Section 2.03 of the Project Agreement.

Section 3.04. The Borrower shall: (a) review annually with the Association by September 30, its overall strategy for the energy sector including the investment program and its sector policies related to tariffs, prices and taxes; and

(b) obtain the Association's prior approval for any investment in the energy sector over the equivalent of \$10,000,000.

#### ARTICLE IV

##### Financial and Other 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 Parts A and C of 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 the Special Accounts related to Parts A and C of the Project 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 completion of 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.

Section 4.02. Upon completion of the update of NIGELEC's tariff study to be executed under Credit No. 1511 NIR, the Borrower shall review with the Association the recommendations emanating from said study and, promptly thereafter, take all necessary actions to implement, not later than December 31, 1988, those recommendations of the study satisfactory to the Association.

Section 4.03. Without any limitation upon any of its obligations under Section 3.01 (a) of this Agreement, the Borrower shall, starting with its Fiscal Year 1988/89, make adequate budgetary allocations to pay for its overall estimated electricity consumption and take all necessary measures for the prompt payment of the related electricity bills.

Section 4.04. The Borrower shall: (a) not later than December 31, 1988, cause NIGELEC to reduce all receivables of NIGELEC to an amount not greater than the equivalent of the amount billed for the previous three months, and to maintain thereafter the amount of said receivables to such level; and (b) take all necessary measures to authorize NIGELEC to interrupt the supply of electricity to all consumers with bills overdue more than 90 days.

Section 4.05. Unless the Association shall otherwise agree, the Borrower shall:

- (a) increase taxes on firewood consumption to levels and in accordance with a timetable satisfactory to the Association;
- (b) reduce the sales price of kerosene from CFAF 145 per liter to CFAF 105 per liter, not later than June 30, 1988; and
- (c) reduce by 50% the taxes and duties applicable to the

import and sale of kerosene stoves, not later than September 30, 1988.

#### ARTICLE V

##### Remedies of the Association

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

(a) NIGELEC shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that NIGELEC will be able to perform its obligations under the Project Agreement.

(c) The laws of the Borrower regulating NIGELEC shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of NIGELEC to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of NIGELEC or for the suspension of its operations.

(e) The arrangements referred to in Section 6.01 (b) of this Agreement shall have been amended, suspended, abrogated, repealed or waived.

(f) (i) Subject to subparagraph (ii) of this paragraph:

(A) The right of the Borrower to withdraw the proceeds of any grant or loan or credit made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(B) any such loan or credit shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:

(A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and

(B) adequate funds for the Project are available to the Borrower from other source on terms and conditions consistent with the obligations of the Borrower under this Agreement.

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

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

(b) the events specified in paragraphs (c), (d) and (e) of Section 5.01 of this Agreement shall occur; and

(c) the event specified in paragraph (f) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of

subparagraph (ii) of that paragraph.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 2.01 (b) of the General Conditions, namely, that the Subsidiary Loan Agreement has been executed on behalf of the Borrower and NIGELEC.

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

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

(b) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and NIGELEC and is legally binding upon the Borrower and NIGELEC in accordance with its terms.

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

Section 6.04. The obligations of the Borrower under Sections 3.04, 4.03 and 4.04 of this Agreement and the provisions of paragraphs (a) and (b) of Section 5.02 of this Agreement shall cease and determine on the date of which the Development Credit Agreement shall terminate or on the date ten years after the date of this Agreement, whichever shall be the earlier.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.09 of this Agreement, the Minister of the Borrower responsible for Planning is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Minist`re du Plan  
B.P. 862  
Niamey  
Republic of Niger

Cable address:

MINIPLAN  
Niamey

Telex:

5463 NI

For the Association:

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

Cable address:

Telex:



INDEVAS  
Washington, D.C.

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

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 NIGER

By /s/ Joseph Diatta  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox  
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) Part B of the Project:		
(a) civil works for Part B.5	400,000	50%
(b) supplies and erection for Part B.2 and B.3	10,870,000	80%
(c) consultants' services for supervision of civil works under Part B.1	1,450,000	100%
(d) consultants' services for Part B.4 (a)	1,150,000	100%
(e) goods for Part B.5	1,960,000	80%

Amount of the

Category	Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(f) technical assistance, training and consultants' services (except for Part B.4 (a))	2,970,000	100%
(2) Part C of the Project:		
(a) consultants' services (except for Part C.5)	1,790,000	100% of foreign expenditures
(b) consultants' services for Part C.5	100,000	100% of foreign expenditures
(3) Refunding of Project Preparation Advance	400,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(4) Unallocated	3,610,000	
TOTAL	24,700,000	

2. For the purposes of this Schedule the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures".

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

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

(b) expenditures made in respect of Category (1) (a) through (f) unless:

(i) the KfW Grant Agreement and the EIB Credit Agreement have been executed and delivered and all conditions precedent to their effectiveness or to the right of the Borrower to make withdrawals thereunder have been fulfilled; and

(ii) the Borrower and Nigeria, and NIGELEC and NEPA have concluded arrangements, satisfactory to the Association, for the construction and management of the transmission line referred to under Part B.1 of the Project;

(c) expenditures made in respect of Category (1) (d) unless the Association has determined that the project referred to under Part B.4 (a) of the Project is economically feasible and environmentally sound; and

(d) expenditures made in respect of Category (2) (b) unless the Borrower has concluded with Chad and Nigeria, arrangements satisfactory to the Association, for the financing and execution of the studies referred to under Part C .5 of the Project.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to assist the Borrower in increasing the performance of its energy sector through, inter alia, the: (i) promotion of firewood conservation, substitution of energy sources and improved management of the natural forest cover; (ii) promotion of renewable energies; (iii) promotion of lower conservation and provision of electricity at least cost; and (iv) improvement in the administration of petroleum exploration.

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: Household Energy

1. Development of a firewood trade monitoring and taxation system, including the construction of firewood checkpoints and provision of vehicles, equipment, training and technical assistance to DFF.
2. Zoning of areas around urban centers by firewood potential, preparation of firewood supply management and incentive plans, and establishment of rural firewood markets and production areas.
3. Promotion of: (a) the local manufacture and marketing of improved woodstoves; and (b) the local manufacture and the importation and marketing of improved kerosene and LPG stoves.
4. Preparation and implementation of a pilot program of renewable energies.

#### Part B: Electric Power

1. Construction of the portion in Niger (about 300 Km) of a single circuit 132 kV transmission line and installation of 132/20 kV substation facilities between Maradi and Zinder in the eastern part of Niger and Katsina in Nigeria.
2. Rehabilitation of a 132 kV transmission line between Anou-Araren and Akokan in the northern mining region of Niger.
3. Construction of about 80 Km of transmission lines from Gazona to AguiÉ and Tersaona, and from Maradi to Tchadona, and rehabilitation and extension of 20 kV and low voltage distribution facilities in Niamey and in the eastern part of Niger (including electrification of new centers).
4. (a) Engineering study and preparation of bid documents for a future hydroelectric project at Ganbou;  
(b) load management study for the Niger Valley and implementation on a pilot basis of the recommendation of said study;  
(c) update of the distribution and transmission masterplan for the Niger Valley; and  
(d) other studies within the Project's objectives, including a technical and economical feasibility study to expand the inter-connected system.
5. Carrying out of training programs for NIGELEC's staff, construction of office building, and acquisition of equipment, materials and vehicles related thereto.

Part C: Petroleum

1. Retrieval, reprocessing and archiving of geological and geophysical data.
2. Organization of laboratory, storage and information retrieval facilities for petroleum samples and data.
3. Review of the legal framework for the petroleum sector, including taxation and institutional organization of said sector.
4. A comprehensive study of the Borrower's sedimentary basins, including the compilation, evaluation and interpretation of existing and newly acquired geological and geophysical data.
5. Carrying out of the Niger portion of a regional study of the geology of the basins shared by the Borrower with Chad and Nigeria.
6. Preparation of a strategy for the administration of petroleum exploration, and implementation of a petroleum exploration promotion campaign in the concession free areas.
7. Training programs for DE's staff and acquisition of equipment related thereto.

\* \* \*

The Project is expected to be completed by June 30, 1994.

SCHEDULE 3

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) and (2) 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 Parts B and C of the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Category in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means: (i) an amount of CFAF 150,000,000 to be withdrawn from the Credit Account and deposited into the Special Account for Part B of the Project; and (ii) an amount of CFAF 50,000,000 to be withdrawn from the Credit Account and deposited into the Special Account for Part C of the Project, pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, payments out of any Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the appropriate Special Account such amount or amounts as the Borrower

shall have requested.

(b) The Borrower shall furnish to the Association requests for replenishment of a Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the appropriate Special Account such amounts as shall be required to replenish the said Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Category, and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of a Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into a Special Account shall be made by the Association when either of the following situations first arises:

- (i) 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
- (ii) the total unwithdrawn amount of the Credit allocated to the eligible Category for Parts B and C of the Project, minus the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to Parts B and C of the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Category for Parts B and C of the Project 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 a 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 a Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association, deposit into the appropriate Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Association into the appropriate Special Account shall be made until the Borrower has made such deposit or refund.

(b) If the Association shall have determined at any time that any amount outstanding in a 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 for crediting to the Credit Account.

#### SCHEDULE 4

##### Procurement and Consultants' Services

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

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

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).

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

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Niger 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: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

###### Part D: Other Procurement Procedures

Equipment, tools and vehicles estimated to cost less than the equivalent of \$50,000 per contract, up to an aggregate amount not to exceed the equivalent of \$2,900,000, 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, in accordance with procedures acceptable to the Association.

###### Part E: 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 \$100,000 or more, 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 any of the Special Accounts, 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 any of the Special Accounts, 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 3 to the Development Credit Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Associa-

tion 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 the Development Credit Agreement.

2. The figure of 10% 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.

