

CONFORMED COPY

CREDIT NUMBER 2620 TO

Development Credit Agreement

(Togo Urban Development Project)

between

REPUBLIC OF TOGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 12, 1995

CREDIT NUMBER 2620 TO

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated January 12, 1995, between REPUBLIC OF TOGO (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated

January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

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

(b) "AGETUR" means Agence d'Execution des Travaux Urbains, a non-profit association established by the resolution of l'Assemblee Generale Constitutive de l'AGETUR, dated April 12, 1994;

(c) "CCGU" means Comite de Coordination de la Gestion Urbaine, the urban management steering committee, established by decree No. 94-032/PR, dated April 24, 1994 of the Borrower;

(d) "CDB" means Comite de Developpement de Be, a committee recorded under the number 7239 on November 2, 1992 by the Borrower's ministry responsible for interior;

(e) "CFAF" or "CFA francs" means the currency of the Borrower;

(f) "DGUH" means Direction Generale de l'Urbanisme et de l'Habitat, a division of the Borrower's ministry responsible for civil works and mines (Ministere de l'Equipement et des Mines);

(g) "City of Lome Working Group" means the working group established by the CCGU to assess and coordinate the Borrower's strategy on city structures and limits of the city of Lome;

(h) "Municipal Finance Rehabilitation Working Group" means the working group established by the CCGU to formulate proposals regarding the rationalization of the city of Lome's financial management, the improvement of tax collection and cost recovery for services rendered;

(i) "MEF" means the Borrower's ministry responsible for economy and finance;

(j) "MEM" means the Borrower's ministry responsible for civil works and mines (Ministere de l'Equipement et des Mines);

(k) "Micro-projects" means the community based projects proposed by CDB to CCGU for financing under the Community Participation Component of the Project, (Part C of Schedule 2);

(l) "SME" means small and medium enterprises;

(m) "STCC" means Secretariat Technique du Comite de Coordination, established pursuant to decree No. 94-118/PMRT dated December 23, 1994, of the Borrower's ministry responsible for civil works and mines;

(n) "City of Lome" means the area covered by the municipality of Lome and its urban suburbs;

(o) "Subsidiary Agreement" means the agreement to be entered into by the Borrower and AGETUR in accordance with Section 3.01 (b) of this Agreement;

(p) "Project Account" means any of the accounts referred to in Section 3.02; and

(q) "Project Preparation Advance" means the project preparation advances granted by the Association to the Borrower

pursuant to two exchanges of letters dated May 31, 1985 and September 15, 1985 and May 25, 1988 and June 30, 1988 respectively between the Borrower and the Association.

## 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 eighteen million six hundred thousand Special Drawing Rights (SDR 18,600,000).

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

(b) The Borrower shall, for the purposes of Parts A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project, open and maintain in CFA francs a special deposit account (Special Account STCC) in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account STCC shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) The Borrower shall, for the purposes of Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 of the Project and through the Subsidiary Agreement, cause AGETUR to open and maintain in CFA francs a special deposit account (Special Account AGETUR), on terms and conditions satisfactory to the Association, including appropriate protection against setoff, seizure or attachment. Deposits into, and payments out of, the Special Account "AGETUR" shall be made in accordance with the provisions of Schedule 6 to this Agreement.

(d) 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, 1999 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

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

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii)

without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on June 1 and December 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 semiannual installments payable on each June 1 and December 1 commencing June 1, 2004 and ending December 1, 2033. Each installment to and including the installment payable on December 1, 2013 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

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

### ARTICLE III

#### Execution of the Project

Section 3.01. (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: (i) shall carry out Parts A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project, through CCGU, with due diligence and efficiency and in conformity with appropriate financial, administrative, environmental and technical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project; and (ii) shall cause AGETUR to perform in accordance with the provisions of the Subsidiary Agreement all the respective obligations of AGETUR 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 AGETUR to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) For the purpose of carrying out Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 of the Project, the Borrower shall enter into an agreement with AGETUR (the Subsidiary Agreement) on terms and conditions satisfactory to the Association which shall include, inter alia:

- (i) delegation of authority for all procurement actions and for award, signature and payment of contracts;
- (ii) provision for the transfer of the proceeds of the Credit on a non-reimbursable basis: (A) for purposes of financing the activities to be carried out under Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 of the Project; and (B) in the case of AGETUR, for the operating costs and equipment of AGETUR, including the obligation of AGETUR to return all of its equipment to the Borrower upon completion of the Project or the day before its dissolution in accordance with the statutes of AGETUR, whatever happens first;
- (iii) the obligation of AGETUR to take all measures necessary to ensure that Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 of the Project are carried out with due diligence and efficiency and in accordance with appropriate administrative, technical, environmental and financial practices;
- (iv) the obligation of AGETUR to keep key positions filled with employees with adequate experience and qualifications;
- (v) the obligation of AGETUR to promptly inform the Borrower and the Association of any condition which interferes, or threatens to interfere, with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by AGETUR of its obligations under the Subsidiary Agreement;
- (vi) the obligation of AGETUR to provide quarterly and annual reports of such scope and in such detail as the Borrower or the Association shall reasonably request; and
- (vii) the methods and procedures applicable to the retrocession of part of the Credit proceeds to AGETUR.

(c) The Borrower shall exercise its rights under the Subsidiary 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 Agreement or any provision thereof.

(d) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out Parts A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project and shall cause AGETUR to carry out Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 in accordance with the Implementation

Program set forth in Schedule 4 to this Agreement.

Section 3.02. Without limitation upon any of its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) establish and maintain, for the purposes of Parts A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project, a Project Account (hereinafter referred to as Project Account STCC) in a commercial bank on terms and conditions satisfactory to the Association to be used exclusively for the purposes of meeting expenditures incurred under Parts A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project, which are not externally financed;

(b) cause AGETUR to establish and maintain, for the purposes of Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 of the Project, a Project Account (hereinafter referred to as Project Account AGETUR) in a commercial bank on terms and conditions satisfactory to the Association to be used exclusively for the purposes of meeting expenditures incurred under Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 of the Project, which are not externally financed;

(c) deposit into each of the Project Accounts, promptly before each fiscal quarter, sufficient funds to pay the Borrower's contribution to the financing of the Project required for such fiscal quarter, as estimated by the Borrower in consultation with the Association; and

(d) ensure that the initial deposits to be made pursuant to paragraph (c) above shall occur no later than January 31, 1997.

Section 3.03. The Borrower shall, for the purposes of overall Project coordination, maintain the CCGU for the duration of the Project.

Section 3.04. The Borrower shall, through the directorate of Hydraulics and Energy, responsible for sanitation, of the Borrower's ministry responsible for civil works and mines, monitor changes in the functioning of the Be lagoon system, in the operations of the sanitation mechanisms and in the characteristics of the Be lagoon water. The Borrower shall as well secure the preservation of the Be lagoon. This monitoring shall occur before the start up of the Be lagoon dredging and continue after its completion thereafter.

Section 3.05. The Borrower shall: (a) transmit to the Association for its approval prior to implementation the annual work and studies programs approved by CCGU; and (b) communicate to the Association for its prior approval the program of micro-projects, after its approval by CCGU. These communications shall occur not later than one month before the anticipated date of submission of the programs to the executing agencies.

Section 3.06. The Borrower shall carry out the road safety and improvement recommendations included in the final report on the urban traffic and transport study, referred to in Schedule 2 to this Agreement, within six months following the submission of this final report.

Section 3.07. The Borrower shall propose for consideration by the General Assembly of AGETUR, as Director General of AGETUR, a person whose experience, qualifications and terms of employment are satisfactory to the Association.

Section 3.08. The Borrower shall take all actions and measures necessary to ensure that the revenues of the Municipality of Lome from the assessment and collection of property and professional taxes increase by 5% at least each year, starting the third year after the effectiveness of this Agreement.

Section 3.09. The Borrower shall: (a) by June 30, 1997, carry out jointly with the Association a midterm review of the Project which shall cover inter alia: (i) an assessment of the overall progress achieved in Project implementation by the Borrower and AGETUR for each component of the Project; and (ii) an identification of the major constraints to Project's implementation;

(b) thereafter, carry out such corrective actions as the Borrower and the Association shall determine in accordance with a time schedule satisfactory to the Borrower and the Association; and

(c) in order to facilitate this review, prepare and submit to the Association, not later than four weeks before the scheduled date of this review, a report of Project activities of such scope and in such detail as the Association shall have reasonably requested.

Section 3.10. The Borrower shall carry out and cause AGETUR to carry out the Project in accordance with the terms and provisions of a Project implementation manual acceptable to the Association.

Section 3.11. 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.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of Parts A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account "STCC" and the Project Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

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

- (i) maintain, or cause to be maintained, in accordance with paragraph (a) of this Section,

records and accounts reflecting such expenditures;

- (ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) The Borrower shall cause AGETUR to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations and financial condition of AGETUR.

(b) The Borrower shall cause AGETUR to:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for the Special Account "AGETUR" 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 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 cause AGETUR 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 AGETUR:

- (a) to take out and maintain with responsible insurers, or to make other provisions satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;
- (b) to carry out its operations and conduct its affairs in accordance with sound administrative, financial, environmental and technical 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 equipment 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 administrative 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 this Agreement, a situation shall have arisen which shall make it improbable that AGETUR will be able to perform its obligations under the Subsidiary Agreement;
- (b) the Statutes of AGETUR shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of AGETUR to perform any of its obligations under the Subsidiary Agreement;
- (c) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of AGETUR or for the supervision of its operations;
- (d) the Borrower or AGETUR shall have failed to perform any of their respective obligations under the Subsidiary Agreement; and
- (e) the Subsidiary Agreement shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the Project or the performance of AGETUR of its obligations under the Subsidiary Agreement.

Section 6.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

- (a) the event specified in paragraph (d) of Section 6.01 of this Agreement shall occur and shall continue for a period

of 60 days after notice thereof shall have been given by the Association to the Borrower; and

(b) any events specified in paragraphs (b), (c) or (e) of Section 6.01 of this Agreement shall occur.

#### ARTICLE VII

##### Effective Date; Termination

Section 7.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower and AGETUR have entered into the Subsidiary Agreement;

(b) the Borrower has established the "City of Lome" working group and the "Municipal Finance Rehabilitation" working group responsible for the preparation of the Borrower's municipal development action plan, under terms and conditions satisfactory to the Association;

(c) the Borrower has entered into an agreement satisfactory to the Association for the implementation of the environmental management training program;

(d) CCGU and CDB have transmitted to the Association their formal approval of the model contract, in form and substance satisfactory to the Association, to be used for the financing of the micro-projects;

(e) the Borrower, CDB and the Municipality of Lome have entered into agreements satisfactory to the Association regarding the contribution by CDB and the Municipality of Lome to the Project's implementation;

(f) the Borrower and AGETUR shall have established Project accounting systems satisfactory to the Association; and

(g) the Borrower has submitted draft standard bidding documents, to be used for the procurement of goods and works, satisfactory to the Association.

Section 7.02. 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 VIII

##### Representative of the Borrower; Addresses

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

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

For the Borrower:

Ministere de l'Economie et des Finances  
B.P. 387  
Lome  
Togo

Cable address:

Telex:

MINFIE  
Lome, Togo

5286

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.

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

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

REPUBLIC OF TOGO

By /s/ Kossivi Osseyi

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) Works:		
(a) civil works under Parts A and B of the Project	10,200,000	100% until December 31, 1996; 85% thereafter
(b) community works	1,930,000	100% until December 31, 1996; 90% thereafter
(2) Equipment		
(a) STCC equip- ment	450,000	100%

(b) AGETUR equip- ment	220,000	100%
(3) Service Contract for AGETUR	470,000	100%
(4) Consultant services and training:		
(a) STCC con- sultant	1,600,000	100%
(b) AGETUR consul- tant	1,070,000	100%
(5) Incremental operating costs for STCC	290,000	100%
(6) Refunding of Project Prepara- tion Advance	540,000	Amount due pur- suant to Section 2.02 (d) of this Agreement
(7) Unallocated	1,830,000	
	<hr/>	
TOTAL	18,600,000	=====

2. For the purposes of this Schedule:

(a) the term "community works" means civil works under Part C of the Project;

(b) the term "service contract for AGETUR" means the expenditures incurred for the payment of AGETUR's services;

(c) the term "STCC equipment" means the expenditures incurred for the acquisition of equipment necessary under Parts A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project;

(d) the term "AGETUR equipment" means the expenditures incurred for the acquisition of equipment necessary under Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3 and C.5 of the Project;

(e) the term "STCC consultants" means the expenditures incurred for the payment of consultants services necessary under parts A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project;

(f) the term "AGETUR consultants" means the expenditures incurred for the payment of consultants services necessary under Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3 and C.5 of the Project; and

(g) the term "incremental operating costs for STCC" means expenses incurred for vehicle operating expenses other than maintenance related expenses, office supplies and maintenance of office equipment.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for such expenditures for goods, works and services under

contracts not exceeding \$20,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower implement its urban development policy through (i) the execution of priority urban works, (ii) the promotion of small enterprises in the construction sector, and (iii) the participation of residents, grassroots groups and NGOs in neighborhood environmental improvement activities. The Project's longer term objective is to assist the Borrower develop an urban management strategy.

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: Transport Infrastructure Rehabilitation

1. The carrying out of preliminary designs for road infrastructure rehabilitation.
2. The carrying out of engineering studies for road infrastructure rehabilitation.
3. Construction and/or rehabilitation of approximately five arterials within the city of Lome.
4. The carrying out of site-specific road safety and traffic improvements measures.
5. The carrying out of an urban traffic and transport study for the city of Lome.

#### Part B: Environmental and Sanitation Program

1. The carrying out of preliminary designs for erosion control works, landscaping works, lagoon dredging activities, and drainage of two pilot zones.
2. The carrying out of engineering studies for erosion control works, landscaping works, lagoon dredging activities, and drainage of two pilot zones.
3. The carrying out of erosion control works, including landscaping, of the Be lagoon banks.
4. The partial dredging of Be lagoon to reestablish the lagoon system's self-purification capacity.
5. The drainage of two pilot zones in the community of Be through the installation of deep drains and the extensive planting of vegetation.

#### Part C: Community Participation

Support to local population's involvement and participation in the design, implementation, management and subsequent maintenance of activities intended to improve the sanitary, social and economic environment.

1. The carrying out of preliminary designs for the construction and rehabilitation of public latrines, the construction of a community center and the implementation of micro projects.
2. The carrying out of engineering studies for the construction and rehabilitation of public latrines, the construction of a community center and the implementation of micro projects.

3. The construction and rehabilitation of public latrines and the construction of a community center in the community of Be.
4. The carrying out of a training program in community environmental management.
5. The carrying out of micro-projects intended to improve living conditions and the neighborhood environment.

Part D: Urban Management Studies

The carrying out of studies aimed at the preparation of an action plan intended to: (a) improve and rationalize urban management, (b) improve resource mobilization and local finance, and (c) strengthen the Municipality of Lome's managerial capacity.

\* \* \*

The Project is expected to be completed by June 30, 1999.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C 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 1992 (the Guidelines).

(a) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of goods and works in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

2. To the extent practicable, contracts for civil works shall be grouped in bid packages estimated to cost the equivalent of \$250,000 or more each.

Part B: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 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 C: Other Procurement Procedures

1. Civil works estimated to cost the equivalent of \$250,000 or less per contract, up to an aggregate amount not to exceed the equivalent of \$15,353,000, may be procured under contracts

awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Office supplies and equipment estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount not to exceed the equivalent of \$350,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

3. Items or groups of items estimated to cost less than the equivalent of \$20,000 per contract, up to an aggregate amount not to exceed the equivalent of \$100,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

#### Part D: Review by the Association of Procurement Decisions

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

(a) With respect to each contract for civil works estimated to cost more than the equivalent of \$250,000 each, for civil works estimated to cost more than the equivalent of \$20,000 each during the first year of implementation of the Project, for civil works estimated to cost more than the equivalent of \$100,000 each during the second year of implementation of the Project, for civil works estimated to cost more than the equivalent of \$150,000 each during the third year of implementation of the Project, and for goods estimated to cost more than the equivalent of \$50,000 each, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedules 5 and 6 to this Agreement.

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

2. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

#### Section II. Employment of Consultants

1. 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 (the Consultant Guidelines). For complex, time-based

assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each, or (b) contracts for the employment of individuals estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Association review shall not apply to: (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Association, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

#### SCHEDULE 4

##### Implementation Program

###### Part A: The CCGU

1. The CCGU shall be responsible for the supervision of the Project and for the implementation of the Borrower's urban strategy. It will approve the annual work and studies programs submitted by STCC for the implementation of the Project.
2. The CCGU shall approve on a quarterly basis the proposed program of micro-projects presented by CDB. CCGU shall enter with CDB into written arrangements for the execution of micro-projects on terms and conditions satisfactory to the Association during Project's implementation.
3. The CCGU shall be composed of the Minister of Economy and Finance, the Minister of Civil Works and Mines, the Minister of Plan and National and Regional Development, the Minister of Administration Territoriale et Securite, the Mayor of Lome and the President of CDB.
4. The Minister of Civil Works and Mines shall serve as chairperson of the CCGU. The STCC's secretary general shall attend the CCGU's meetings.
5. The CCGU shall meet at the time of the Project's start-up and on a quarterly basis or as often as necessary thereafter to monitor the overall progress of Project's implementation.

###### Part B: The STCC

1. The STCC shall be responsible for the Project day-to-day management and shall assist CCGU in monitoring Project implementation.
2. STCC shall identify, design, justify and program the activities and studies to be carried out under the Project on behalf of CCGU. It will prepare annual work and studies programs to be carried out under the Project and will submit them for approval to CCGU.
3. The STCC shall be established and operate within MEM and shall be staffed with individuals whose experience and qualifications and terms of employment are acceptable to the



Association.

4. The STCC shall assist the Municipality of Lome to establish within its own structure a planning unit intended to oversee the urban infrastructure maintenance.

Part C: AGETUR

The Director General of AGETUR shall be a person whose experience, qualifications and terms of employment are satisfactory to the Association.

#### SCHEDULE 5

##### Special Account "STCC"

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (2) (a), (4) (a) and (5) 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 A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$300,000 to be withdrawn from the Credit Account and deposited into the Special Account "STCC" pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account "STCC" 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 Account "STCC" has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account "STCC" shall be made as follows:

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

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

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

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account "STCC", the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

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

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

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for Parts A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to Parts A.1, A.4, A.5, B.1, C.1, C.4 and D of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for Parts A.1, A.4, A.5, B.1, C.1, C.4 and D 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 the Special Account "STCC" as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account "STCC": (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account "STCC" (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account "STCC" shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account "STCC" will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account "STCC".

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement,

including the General Conditions.

#### SCHEDULE 6

##### Special Account "AGETUR"

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) (b), (3) and (4) (b) 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, works and services required for Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 of the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$1,000,000 to be withdrawn from the Credit Account and deposited into the Special Account "AGETUR" pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account "AGETUR" 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 Account "AGETUR" has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account "AGETUR" shall be made as follows:

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

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

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

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account "AGETUR", the Borrower shall, at such time as the Association shall reasonably request, furnish to the

Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

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

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

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 of the Project, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for Parts A.2, A.3, B.2, B.3, B.4, B.5, C.2, C.3, and C.5 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 the Special Account "AGETUR" as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account "AGETUR": (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account "AGETUR" (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account "AGETUR" shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account "AGETUR" will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account "AGETUR".

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

