

CONFORMED COPY

INTERIM FUND CREDIT NUMBER N029 BUR

Interim Fund  
Development Credit Agreement

(Mining Sector Capacity Building and Environmental Management Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION as Administrator  
of the interim trust fund established with funds contributed  
by certain members of International Development Association pursuant  
to Resolution No. IDA 184 of the Board of Governors of  
International Development Association

Dated July 28, 1997

INTERIM FUND CREDIT NUMBER N029 BUR

INTERIM FUND DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 28, 1997 between BURKINA FASO (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) as administrator (the Administrator) of the interim trust fund (Interim Fund) established with funds contributed by certain members of the Association pursuant to Resolution No. IDA 184 (the Interim Fund Resolution) of the Board of Governors of the Association, adopted on June 26, 1996.

WHEREAS (A) the Interim Fund, consisting of the funds contributed by certain members of the Association, has been established pursuant to the provisions of the Interim Fund Resolution with the Association acting as Administrator thereof;

(B) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Administrator to assist in the financing of the Project through the provision of resources from the Interim Fund, and the Administrator has determined that such assistance would be in accordance with the provisions of the Interim Fund Resolution;

(C) the Administrator has received a letter from the Borrower's Minister of Geology and Mines, dated January 24, 1996, submitting the Borrower's Déclaration de Politique Minière dated January 17, 1996 and describing a program of actions, objectives and policies designed to reform its mining sector (the Program) and declaring the Borrower's commitment to the execution of the Program; and

WHEREAS the Administrator has agreed on the basis, inter alia, of the foregoing, to extend the Interim Fund 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 modifications thereto set forth below (the General Conditions), constitute an integral part of this Agreement:

(a) the term "Association," wherever used in the General Conditions, means the International Development Association acting as Administrator of the Interim Fund referred to in the Preamble to the Interim Fund Development Credit Agreement;

(b) the terms "Development Credit Agreement," "Credit" and "Credit Account," wherever used in the General Conditions, are amended to read "Interim Fund Development Credit Agreement," "Interim Fund Credit" and "Interim Fund Credit Account," respectively;

(c) a new paragraph, numbered 15, is added to Section 2.01 to read as follows:

"15. "Participating Country" means any country that meets the requirements set forth in Section 5 (e) of Resolution No. IDA 184 of the Board of Governors of the Association, adopted on June 26, 1996, as determined by the Administrator as of the date on which the Interim Fund Credit was approved pursuant to Section 5 (c) of said Resolution; and "Participating Countries" means, collectively, all such countries";

(d) the last sentence of Section 3.02 is deleted;

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

"Except as the Administrator and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the currency of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Administrator, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations";

(f) in Sections 6.02 and 7.01 of the General Conditions, the term "Association" shall also mean the International Development Association acting in its own capacity; and

(g) Section 6.03 is modified to read as follows:

"Section 6.03. Cancellation by the Administrator. If: (a) the right of the Borrower to make withdrawals from the Interim Fund Credit Account shall have been suspended with respect to any amount of the Interim Fund Credit for a continuous period of thirty days; or (b) at any time, the Administrator determines, after consultation with the Borrower, that an amount of the Interim Fund Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Credit; or (c) at any time the Administrator determines, with respect to any contract to be financed out of the proceeds of the Interim Fund Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Interim Fund Credit during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Administrator to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Interim Fund Credit; or (d) at any time, the Administrator determines that the procurement of any contract to be financed out of the proceeds of the Interim Fund Credit is inconsistent with the procedures set forth or referred to in the Interim Fund Credit Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Interim Fund Credit; or (e) after the Closing Date, an amount of the Credit shall

remain unwithdrawn from the Interim Fund Credit Account, the Administrator may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Interim Fund Credit shall be canceled."

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) "Artisan Miner" means a miner exploiting mineral resources as defined under Exploitation Artisanale in the draft mining code approved by the Council of Ministers of the Borrower on December 18, 1996, and "Artisan Mining" means the activity carried out by such Artisan Miner;

(b) "BUMIGEB" means Bureau des mines et de la géologie du Burkina, the Borrower's Bureau of Mines and Geology, established pursuant to Decree No. 78-165/PRES/MCDIM of May 17, 1978, as modified by Kiti No. AN VII-0181/FP/PRECO/SEM of January 25, 1990;

(c) "CBMP" means Comptoir Burkinabé des métaux précieux, the Borrower's Precious Metals Board, established pursuant to Kiti No. 86-190/CNR/PRES/PRECO of May 21, 1986;

(d) "CFAF" or "CFA Franc" means Franc de la communauté francophone Africaine, the currency of the Borrower;

(e) "CNM" means Commission nationale des mines, the Borrower's National Commission of Mines, created in accordance with Art. 475 through 477 of Kiti No. AN VIII-0328 TER/FP/PLAN-COOP of June 4, 1991, relative to the rural and land-tenure reorganization of the Borrower's territory, modified by Decree No. 93-252/PRES/PM/MFP/MICM/MDEM of August 3, 1993;

(f) "CONAGESE" means Conseil national pour la gestion de l'environnement, the Borrower's National Council for Environmental Management, established pursuant to Section 2.2 (articles 11 and 12) of Decree No. 95-342/PRES/PM/MEE of September 19, 1995;

(g) "DGMG" means Direction générale des mines et de la géologie, the General Directorate of Mines and Geology in MEM;

(h) "Environment Code" means the Borrower's law No. 092/94 of January 19, 1994;

(i) "MEE's General Directorates" mean MEE's three General Directorates of eau et forêts (water and forests), préservation de l'environnement (environmental preservation) and hydraulique (hydraulics);

(j) "MEE" means Ministère chargé de l'environnement et de l'eau, the Borrower's Ministry responsible for Environment and Water;

(k) "MEF" means Ministère chargé de l'économie et des finances, the Borrower's Ministry responsible for Economy and Finance;

(l) "MEM" means Ministère chargé de l'énergie et des mines, the Borrower's Ministry responsible for Energy and Mines;

(m) "Mining Legislation" means the Borrower's mining legislation, contained, inter alia, in articles 448 through 546, inclusive, of Kiti No. An VIII 328 TER/FP/PLAN-COOP of June 4, 1991, as amended by Décret No. 93 (252/PRES/PM/MICM/MDEM) of August 31, 1993; Décret No. 014/93 ADP of May 19, 1993, portant Codes des Investissements Miniers, as amended by Loi No. 06/95/ADP of April 26, 1995; Décret No. 96-231/PRES/PM/MEM portant réglementation de la commercialisation de l'or; Arrêté No. 93/011/MICM/MDEM/DGEM of 24 August 1993, portant fixation des conditions d'exploitation artisanale de substance de mines; once entered into force, the Code referred to in paragraph (3) (b) of Schedule 1 to this Agreement;

(n) "NEAP" means the Borrower's National Environmental Action Plan of September 1991, as amended to date;

(o) "Project Account" means the account referred to in Section 3.02 (a) of this Agreement;

(p) "Project Implementation Manual" means the implementation manual referred to in paragraph 1 of Schedule 4 of this Agreement, setting forth, inter alia, Project monitoring and performance indicators, the initial two-year procurement plan for the Project, sample bidding and contract documents, other relevant arrangements and procedures for carrying out the Project and a Project financial management manual, as the same may be amended from time to time with the approval of the Administrator, and such term includes any Schedules and Attachments to the Project Implementation Manual;

(q) "Project Preparation Advance" means the cumulative Project preparation advances granted by the Administrator to the Borrower pursuant to exchanges of letters, dated February 6, 1995, countersigned February 28, 1995; and October 24, 1995, countersigned January 23, 1996; respectively, between the Borrower and the Administrator;

(r) "Small-Scale Miner" means a person in charge of an enterprise as defined under Exploitation Minière à Petite Echelle in the draft mining code approved by the Council of Ministers of the Borrower on December 18, 1996;

(s) "Small-Scale Mining" means the activity carried out by such person, and "Small-Scale Mine" means the object of said activity;

(t) "SNIST" means Système national d'information sur des sciences de la terre, BUMIGEB's National Earth Science Information System; and

(u) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

## ARTICLE II

### The Interim Fund Credit

Section 2.01. The Administrator agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Interim Fund Development Credit Agreement, an amount in various currencies equivalent to fourteen million eight hundred thousand Special Drawing Rights (SDR 14,800,000).

Section 2.02. (a) The amount of the Interim Fund Credit may be withdrawn from the Interim Fund Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Administrator 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 Interim Fund Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFAF a special deposit account in a commercial bank on terms and conditions satisfactory to the Administrator, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Administrator shall, on behalf of the Borrower, withdraw from the Interim Fund Credit Account and pay to the Association 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 canceled.

Section 2.03. The Closing Date shall be December 31, 2002 or such later date as the Administrator shall establish. The Administrator 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 Interim Fund 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 Interim Fund Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

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

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

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

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Interim Fund Credit in semiannual installments payable on each June 15 and December 15, commencing December 15, 2007 and ending June 15, 2037. Each installment to and including the installment payable on June 15, 2017 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 (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Administrator may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by the Administrator of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Interim Fund Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Interim Fund Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Administrator notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Administrator may revise the modification referred to in paragraph (b) above 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 Administrator on the principal amount of the Interim Fund Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Administrator, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) 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 Administrator 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, shall carry out the Project with due diligence and efficiency and in conformity with appropriate financial, administrative, engineering and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Administrator shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. The Borrower shall:

(a) open and maintain, until the completion of the Project, a Project Account in CFAF, in a commercial bank acceptable to the Administrator, and on terms and conditions acceptable to the Administrator;

(b) deposit into the Project Account: (i) an initial amount of 125,000,000 CFAF (one hundred twenty-five million CFAF); and (ii) thereafter, deposit semiannually at least the amount referred to under the preceding subparagraph or such amount as needed for the carrying out of the Project and previously agreed to by the Administrator; and

(c) ensure that funds deposited into the Project Account, in accordance with paragraph (b) above, shall be used exclusively to finance the Borrower's contribution for expenditures under the Project in addition to those financed from the proceeds of the Interim Fund Credit.

Section 3.03. Except as the Administrator shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Interim Fund Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.04. (a) The Borrower shall carry out, jointly with the Administrator, not earlier than twenty-four (24) months after the Effective Date and not later than thirty (30) months after the Effective Date, or at such other date as the Borrower and the Administrator shall agree upon, a review (the midterm review) of the progress made in carrying out the Project. The review shall, among other things, assess: (i) progress made in carrying out the various parts of the Project, including compliance with financial, accounting, procurement, disbursement, audit and other covenants relating to the Project, assessed against Project monitoring indicators set forth in the supplemental letter of even date herewith; and (ii) coordination of Project-related activities between BUMIGEB, CBMP, CNM and MEE.

(b) Not later than one month prior to such review, the Borrower shall furnish to the Administrator, for its review and comments, and in such detail as the Administrator shall reasonably request, a report on the progress and status of the Project, covering the points to be reviewed.

(c) Following such review, the Borrower shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project or to implement such other measures as may have been agreed upon between the Borrower and the Administrator in furtherance of the objectives of the Project.

Section 3.05. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Administrator, and furnish to the Administrator not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Administrator, a plan, designed to ensure the continued achievement of the Project's

objectives; and

(b) afford the Administrator a reasonable opportunity to exchange views with the Borrower on said plan.

#### ARTICLE IV

##### Financial and Particular Covenants

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

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;

(ii) furnish to the Administrator, as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and

(iii) furnish to the Administrator such other information concerning said records, accounts and the audit thereof as the Administrator shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Interim Fund 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 Administrator has received the audit report for the fiscal year in which the last withdrawal from the Interim Fund Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Administrator'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. The Borrower shall take all necessary actions to ensure that:

(a) no mining title under the Mining Legislation shall be granted to any Government entity or agency, or any enterprise or company owned or controlled by the Borrower; and

(b) all potential mining activity not covered by the stipulations of subparagraph (a) of this Section is subject to prior authorization by MEM.

#### ARTICLE V

## Remedy of the Association and the Administrator

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

### ARTICLE VI

Effective Date; Termination;  
Designation of Administrator

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Interim Fund Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

The Borrower has:

(a) opened the Project Account and deposited therein the initial deposit referred to in Section 3.02 (b) (i) of this Agreement;

(b) appointed a Chef de Projet with qualifications and experience acceptable to the Administrator, in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(c) appointed a Project Accountant, with qualifications and experience acceptable to the Administrator, in accordance with the provisions of Section II of Schedule 3 to this Agreement, and installed an automated accounting system for the Project, acceptable to the Administrator;

(d) appointed the auditors referred to in Section 4.01 (b) of this Agreement in accordance with the provisions of Section II of Schedule 3 to this Agreement; and

(e) appointed a monitoring committee to supervise Project implementation according to a regulation acceptable to the Administrator.

Section 6.02. The date one hundred and eighty (180) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. In the event that the Executive Directors of the Association decide to terminate the functions of the Association as administrator of the Interim Fund pursuant to Section 7 of the Interim Fund Resolution, all of the rights and obligations of the Administrator under this Agreement shall be assumed by the Association in accordance with the Interim Fund Resolution and such decision of said Executive Directors, as of a date to be notified by the Administrator to the Borrower.

### ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Le Ministre de l'Economie et des Finances  
Ministère de l'Economie et des Finances  
BP 7050  
Ouagadougou  
Burkina Faso



Telex:

5555  
SEGEGOV

For the Association and the Administrator:

International Development Association  
1818 H Street, NW  
Washington, DC 20433  
United States of America

Cable address:

INDEVAS  
Washington, DC

Telex:

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

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

BURKINA FASO

By /s/ Gaëtan Ouédraogo

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Administrator of the interim trust fund established  
with funds contributed by certain members of  
International Development Association pursuant to  
Resolution No. IDA 184 of the Board of Governors of  
International Development Association

By /s/ Jean-Louis Sarbib

Regional Vice President  
Africa

#### SCHEDULE 1

##### Withdrawal of the Proceeds of the Interim Fund Credit

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

Category	Amount of Interim Fund Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Goods		
(a) for Parts B(1) (d) and (e) and D(3) and D(5) of the Project	900,000	100% of foreign expenditures and 80% of local expenditures
(b) Other	1,700,000	100% of foreign expenditures and

			80% of local expenditures
(2)	Consultants' Services	8,700,000	100%
(3)	Training	1,500,000	100% of foreign expenditures and 90% of local expenditures
(4)	Refunding of Project to Preparation Advance	600,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(5)	Unallocated	1,400,000	
	TOTAL	14,800,000	

2. For the purposes of this Schedule:

(a) 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; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower, or for goods or services supplied from the territory 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; or

(b) payments made, or to be made, in respect of expenditures under Category (1) (a) of the table set forth in paragraph 1 of this Schedule until: (i) the Borrower has enacted a Mining Code, acceptable to the Administrator, and such Code has entered into force in the territory of the Borrower; (ii) the Borrower has furnished to the Administrator the studies referred to in Parts B.1 (d) and D.2 of the Project; and (iii) the Borrower and the Administrator have agreed upon the recommendations of said studies or the amendments to be made thereto, as the case may be.

4. The Administrator may require withdrawals from the Interim Fund Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for: (i) goods under contracts not exceeding \$250,000 equivalent; and (ii) services of: (A) consulting firms for contracts not exceeding \$100,000 equivalent, and (B) individual consultants for contracts not exceeding \$50,000 equivalent, under such terms and conditions as the Administrator shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower in: (a) the promotion of private investment in mining while ensuring sustainable benefits for the Borrower's economy; (b) the strengthening of administrative capacity to regulate and supervise mining activities, in accordance with sound environmental practices; and (c) the promotion of Small-Scale Mining and improvement of the working conditions for Artisan Miners.

The Project consists of the following Parts, subject to such modifications thereof as the Borrower and the Administrator may agree upon from time to time to achieve such objectives:

Part A: Regulatory and Fiscal Framework and Training

1. Regulations Pertaining to Mining Legislation, Taxation and the Environment

Preparation and adoption of regulations, standards and manuals of procedures pertaining to, inter alia, the health, safety and environmental aspects of activities under the Mining Legislation and to the taxation of mining activities.

2. Legal Training and Enhancement of Negotiating Skills through:

(a) provision of training to MEM's staff and selected participants from the private sector, through special courses at local and foreign institutions in the areas of: (i) administration of Mining Legislation, (ii) preservation of the environment pursuant to the Environment Code, (iii) negotiations with private investors in the mining sector; and (iv) applied mining taxation; and

(b) provision of technical advisory services to assist in: (i) negotiations with private investors in the mining sector or, alternatively, providing legal services for the Borrower in said negotiations; and (ii) the carrying out of financial and technical audits.

Part B: Institutional Strengthening and Resource Management

1. Institutional Strengthening through:

(a) Provision of technical advisory services to assist in defining the role, function and mandate of BUMIGEB, CBMP, CNM and the various directorates of MEE, and in implementing work plans and monitoring performance, through the preparation of: (i) manuals of operation, (ii) internal procedures, (iii) work procedures, (iv) plans relative to staffing needs, and (v) job descriptions;

(b) provision of training to selected MEM staff to strengthen their capacity for monitoring safety, health and environmental conditions at mining sites, including Small-Scale Mining and Artisan Mining sites;

(c) carrying out of a study to: (i) assess mining-related power, water and transport needs, and (ii) propose measures to control mining and industrial toxic waste pollution and damage within the territory of the Borrower;

(d) carrying out of a feasibility study for the establishment of a pilot mineral treatment test unit at BUMIGEB intended to promote and diversify the utilization of other minerals than gold; and

(e) establishment of said pilot test unit referred to under subparagraph (d) of this paragraph 1.

2. Mining Cadastre and Mining Title Management

(a) Provision of technical advisory services to MEM for the preparation of: (i) manuals for internal procedures and operational directives relating to mining titles and title management; and (ii) a computerized mining title cadastre to identify existing titles, potential areas for exploration and to monitor the obligations of title holders;

(b) acquisition of data processing equipment and software required for said cadastre referred to under subparagraph (c) of this paragraph 2; and

(c) provision of training in cadastre administration to selected staff in MEM.

3. Mining and Environmental Information Database

(a) Provision of technical advisory services to establish a database in BUMIGEB for maintenance of general baseline data, information and statistics on all environmental aspects related to, or in and around, mining areas in the Borrower's territory;

(b) integration of the database referred to under subparagraph (a) of this paragraph 3 with the national environmental information system pertaining to the mining sector installed at MEE;

(c) carrying out of an environmental assessment of the mining sector; and

(d) establishment of a mining and environmental management plan in accordance with the NEAP.

#### 4. National Earth Science Information System

(a) Provision of technical advisory services to enable BUMIGEB to develop data banks and to store, coordinate, retrieve and disseminate geological information to the general public, through the establishment of SNIST and a system to analyze and produce thematic sets of information based on, inter alia, satellite imagery and other geo-scientific techniques;

(b) acquisition of equipment and software to support the activities set forth in subparagraph (a) of this paragraph 4; and

(c) establishment in BUMIGEB of a drill-core storage, a library, a maps library and a mining museum.

#### Part C: Environmental Management

##### 1. Capacity Building:

(a) Strengthening of CONAGESE and MEE's General Directorates to implement the NEAP through the provision of training to: (i) build capacity for review and formulation of environmental policies, norms, standards and guidelines; (ii) strengthen linkages and coordination with other sectoral agencies; (iii) prepare the Borrower's annual state of the environment report; and (iv) compile an inventory and evaluation of ongoing projects and programs in the territory of the Borrower, categorized by potential environmental impact;

(b) provision of technical advisory services to MEE's General Directorates to undertake technical studies pertaining to, inter alia: (i) economic valuation of natural resources and biological diversity; (ii) hydrology; and (iii) the development of a water usage-program in selected areas within the territory of the Borrower;

(c) provision of training to the staff of the environmental protection unit within DGMG to enable it to: (i) formulate procedures and guidelines for the issuance of mining titles; and (ii) establish and implement a comprehensive monitoring program to assess the effects of mining operations on the environment; and

(d) provision of training to selected staff of MEE and MEM in the areas of: (i) environmental sciences, including environmental accounting and impact assessments; (ii) reviewing and screening of policies and programs for possible environmental impact; and (iii) formulation of environmental regulations and standards.

##### 2. Establishment of a National Environmental Information System

(a) Establishment in CONAGESE of a national environment information system, comprising environmental information held by other institutions and agencies of the Borrower, making the databases of such system compatible with each other, and the information contained therein accessible to interested parties;

(b) provision of training to create capacity within CONAGESE to operate and maintain such information system as referred to in subparagraph (a) of this paragraph 2 and process information and data contained in, or to be used for, such system; and

(c) acquisition of equipment to support the activities set forth in this paragraph.

##### 3. Establishment of an Environmental Education, Information and Communications Program

Provision of technical advisory services and training to CONAGESE, to enable it to:

(a) integrate environmental education into the primary and secondary school programs and into adult literacy programs; and

(b) establish an environmental awareness program through representative groups of the population residing in potential mining areas and furnish the appropriate materials to said groups.

PART D: Small-Scale and Artisan Mining

1. Carrying out of studies of Small-Scale and Artisan Mining including technical, socio-economic and environmental aspects to determine delivery mechanisms for extension services.

2. Carrying out of a feasibility study for the establishment of a pilot Small-Scale Mining center for mineral processing and training of Small-Scale Miners.

3. Establishment, by CBMP, of the pilot center referred to under paragraph 2 heretofore.

4. Carrying out of studies to assess existing credit facilities for Small-Scale Mining.

5. Acquisition and testing of Small-Scale and Artisan Mining material and equipment and its promotion.

6. Implementation of awareness programs for Small-Scale and Artisan Miners on topics such as, inter alia, environmentally safe mining techniques, treatment of toxic substances and health issues.

\* \* \*

The Project is expected to be completed by June 30, 2002.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: General

Subject to the eligibility restrictions set forth in Section III of this Schedule, goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B:

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Preshipment Price Inspection

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

(c) Preference for Domestically Manufactured Goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost \$250,000 (two hundred and fifty thousand dollars) equivalent or less per contract, up to an aggregate amount not to exceed \$1,200,000 (one million two hundred thousand dollars) equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$25,000 (twenty-five thousand dollars) equivalent per contract, up to an aggregate amount not to exceed \$250,000 (two hundred and fifty thousand dollars) equivalent, may be procured under contracts awarded on the basis of national shopping procedures, in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Administrator of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Administrator for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods shall be undertaken in accordance with such procurement plan as shall have been approved by the Administrator, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods estimated to cost the equivalent of \$250,000 (two hundred fifty thousand) or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by the provisions of paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II: Employment of Consultants

1. Subject to the eligibility restriction set forth in Section III of this Schedule, consultants' services shall be procured under contracts awarded in accordance with the provisions 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, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Administrator. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Administrator shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, shortlists, 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 (one hundred thousand) equivalent each, or (b) contracts for the employment of individual consultants estimated to cost less than \$50,000 (fifty thousand) equivalent each. However, said exceptions to prior Bank

review shall not apply to: (i) the terms of reference for such contracts; (ii) single-source selection of consulting firms, (iii) assignments of a critical nature, as reasonably determined by the Administrator, (iv) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 (one hundred thousand) equivalent or above, or (v) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 (fifty thousand) equivalent or above.

### Section III: Eligibility Restrictions

1. Notwithstanding the provisions of paragraph 1.6 of the Guidelines, the proceeds of the Interim Fund Credit may only be withdrawn on account of expenditures for goods provided by nationals of, and produced in or supplied from, Participating Countries; consequently, nationals of countries that are not Participating Countries and bidders offering goods and works from such countries shall be disqualified from bidding for such contracts, and the bidding documents shall so specify.

2. Notwithstanding the provisions of paragraph 1.02 of the Consultant Guidelines, only consultants from Participating Countries shall be eligible to provide services financed out the proceeds of the Interim Fund Credit.

### SCHEDULE 4

#### Implementation Program

1. Except as the Administrator shall otherwise agree, the Borrower shall carry out the Project in accordance with the Project Implementation Manual and shall not amend or waive any provision thereof without the prior approval of the Administrator.

2. The Borrower shall maintain until the completion of the Project:

(a) a Project supervisor, and a Project chief in MEM, the latter with experience, qualifications and terms of reference satisfactory to the Administrator;

(b) the monitoring committee referred to in Section 6.01 (e) of this Agreement, under the chairmanship of a representative of MEM and comprising representatives of MEE, MEF and other ministries as called upon from time to time, in accordance with their respective relevance to Project implementation; and

(c) policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators referred to in Section 3.04 (a) (i) of this Agreement, the carrying out of the Project and the achievement of the objectives thereof.

3. The Borrower shall:

(a) furnish to the Administrator quarterly progress reports, in such scope and detail as the Administrator shall reasonably request, the first such report to be furnished to the Administrator not later than three months after the Effective Date;

(b) review, every six months, beginning nine months after the Effective Date, applications for training under Part A.2 (a); Part B.1 (b) and 2 (c); and Part C.1 (a), (c), (d) and 3 of the Project, in accordance with guidelines satisfactory to the Administrator, and submit its recommendations for training for the Administrator's approval;

(c) undertake, jointly with the Administrator, before the end of the first quarter of each calendar year, annual reviews of the progress made in Project implementation, such review to examine the proposed work program for the following year, the budget allocated to said program and the implementation performance during the preceding year, having regard to the Project performance indicators referred to in Section 3.04 (a) (i) of this Agreement;

(d) apply, in relation to the review referred to under the preceding subparagraph (c), the procedures specified in Article 3.04 (b) of this Agreement relative to the midterm review;

(e) establish, according to recommendations, acceptable to the Administrator, of feasibility studies previously furnished to the Administrator, the pilot unit referred to in subparagraph (e) of paragraph 1 of Part B of the Project, and the pilot center referred to in paragraph 3 of Part D of the Project; and

(f) implement the work program for the following year as approved after the review referred to in subparagraph (c) of this paragraph.

4. The Borrower shall:

(a) not later than two years after the Effective Date, implement the actions, provide training and carry out the studies, as the case may be, referred to under Parts A, B.1, 2 and C.3 of the Project;

(b) not later than three years after the Effective Date, implement the national environmental information system referred to in Part C.2 of the Project; and

(c) not later than four years after the Effective Date, implement the national system of earth science information referred to in Part B.4 of the Project.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Interim Fund 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 of 250,000,000 CFAF (two hundred and fifty million CFAF) to be withdrawn from the Interim Fund Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Administrator shall otherwise agree, the Authorized Allocation shall be limited to an amount of 125,000,000 CFAF (one hundred and twenty-five million CFAF) until the aggregate amount of withdrawals from the Interim Fund Credit Account plus the total amount of all outstanding special commitments entered into by the Administrator pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of one million five hundred thousand Special Drawing Rights (SDR 1,500,000).

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Administrator 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 Administrator shall, on behalf of the Borrower, withdraw from the Interim Fund Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Administrator the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or replenishment is requested. On the payments in respect of which



basis of each such request, the Administrator shall, on behalf of the Borrower, withdraw from the Interim Fund Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Administrator from the Interim Fund 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, the Borrower shall, at such time as the Administrator shall reasonably request, furnish to the Administrator 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 Administrator shall not be required to make further deposits into the Special Account:

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

(b) if the Borrower shall have failed to furnish to the Administrator, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Administrator pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Administrator shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Interim Fund Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

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

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

6. (a) If the Administrator shall have determined at any time that any payment out of the Special Account: (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 Administrator, the Borrower shall, promptly upon notice from the Administrator: (A) provide such additional evidence as the Administrator may request; or (B) deposit into the Special Account (or, if the Administrator shall so request, refund to the Administrator) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Administrator shall otherwise agree, no further deposit by the Administrator into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

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

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

