

CONFORMED COPY

CREDIT NUMBER 2075 SE

Development Credit Agreement

(Public Works and Employment Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 23, 1990

CREDIT NUMBER 2075-SE

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated January 23, 1990, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has, requested the Association to assist in the financing of the Project;

(B) the Borrower intends to contract from African Development Fund a credit which will contribute an amount equivalent to about \$8,3 million to 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 have the respective meanings therein set forth and the following additional terms have the following meanings:

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

(b) "Executing Agency" means l'Agence d'Execution du Projet de Travaux d'Interet Public contre le Sous-Emploi, an association established pursuant to the laws of the Borrower by decision of its general assembly on April 18, 1989, whose declaration d'association has been certified by the Ministre de l'Interieur on July 3, 1989;

(c) "Convention" means the agreement or the agreements to be entered by the Borrower and Executing Agency in accordance with Section 3.01 (b) of this Agreement and such term shall include the Manuel de Procedures referred to in Section 3.01 (b) (iii) of this Agreement;

(d) "Beneficiary" means any municipality or other public entity which submits a proposal for a Sub-project or for whose benefit a Sub-project is being carried out;

(e) "Implementing Enterprise" means any entity which proposes to carry out, or is carrying out, a Sub-project;

(f) "Sub-Project" means any of the activities to be carried out by an Implementing Enterprise and proposed to be or to be financed out of the proceeds of the Credit or to be financed in accordance with the provisions of Section 3.01 (d) (ii) of this Agreement; such activities include the construction and rehabilitation of infrastructure ("Work Sub-Projects") and provision of urban services ("Service Sub-Projects");

(g) "Beneficiary Agreement" means the agreement to be entered between the Executing Agency and a Beneficiary of a Subproject;

(h) "Sub-Project Contract" means the agreement to be entered between the Executing Agency and the Implementing Enterprise for purposes of carrying out a Sub-Project; and

(i) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated November 12, 1988, November 21, 1988 and May 25, 1989 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 sixteen million one hundred thousand Special Drawing Rights (SDR 16,100,000).

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, on the basis of the Convention, cause Executing Agency, for the purposes of the Project, to open and maintain in FCFA a special account in a commercial bank acceptable to the Association on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

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

Section 2.03. The Closing Date shall be October 31, 1992 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.

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on April 1 and October 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 1 and October 1, commencing April 1, 2000 and ending October 1, 2029. Each installment to and including the installment payable on October 1, 2009 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 Republic of France 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 without any limitation or restriction upon any of its obligations under the Development Credit Agreement, shall cause the Executing Agency to perform in accordance with the provisions of the Convention all the obligations of the Executing Agency 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 the Executing Agency 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 the Project, the Borrower shall enter into an agreement or agreements with the Executing Agency (the Convention) on terms and conditions satisfactory to the Association which shall include, inter alia:

- (i) provisions for the transfer of the proceeds of the Credit on a non reimbursable basis: (A) for purposes of financing expenditures incurred by Implementing Entities in the carrying out of SubProjects; (B) for operating costs and equipment of the Executing Agency, including the obligation of the Executing Agency 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 the Executing Agency, whatever happens first; and (C) for the activities to be carried out under Part B of the Project;

- (ii) the obligation of the Executing Agency to take all measures necessary to ensure that the Project is carried out with due diligence and efficiency and in accordance with appropriate administrative, technical and financial practices;
- (iii) the Manuel de Procedures specifying the obligations of the Executing Agency relating to the execution of the Project, selection of Sub-Projects, procurement and preparation of evidence required for withdrawal requests and replenishment of the Special Account;
- (iv) the obligation of the Executing Agency to keep the positions of General Manager, Technical Director and Financial Director filled with employees with adequate experience and qualifications;
- (v) the obligation of the Executing Agency to promptly inform the Borrower and the Association of any condition which interferes, or threatens to interfere, with the progress of the Project and Sub-Projects, the accomplishment of the purposes of the Credit, or the performance of the Executing Agency of its obligations under the Convention, or the performance of the Executing Agency and Implementing Entities under the Sub-Project Contracts;
- (vi) the obligation of the Executing Agency to provide by the fifteenth day of each month reports of such scope and in such detail as the Borrower or the Association shall reasonably request;
- (vii) a sample Sub-Project Contract;
- (viii) a sample Beneficiary Agreement; and
- (ix) the obligation of the Executing Agency to submit to the Association, not later than October 15, 1990, a new program of proposed Sub-Projects aggregating the estimated cost of \$7,5 million satisfactory to the Association.

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

(d) Without limitation upon the provisions of Section 3.01 (a) of this Agreement the Borrower shall:

- (i) cause the Executing Agency to execute new SubProjects aggregating the equivalent of \$5 million before June 30, 1992, out of which Sub-Projects aggregating the equivalent of at least \$2,5 million shall be completed before June 30, 1991; and

- (ii) make available to the Executing Agency out of its own resources all the necessary funds needed for the execution of the Sub-Projects referred to in sub-paragraph (i) of this Section.

Section 3.02. Except as the Association shall otherwise agree, procurement of works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. Without any limitation to or restriction upon its other reporting requirements under the General Conditions and this Agreement, the Borrower shall exchange views, and shall cause the Executing Agency to exchange views, with the Association, at all such times as the Association shall reasonably request, but in any event not later than January 31, 1991, or such other date as the Borrower and the Association shall agree, with regard to the progress of the Project and Sub-Projects, the management of the operations of the Executing Agency, the performance by the Executing Agency of its obligations under the Convention, (including procurement procedures) and the performance by the Executing Agency and Implementing Enterprises of their respective obligations under Sub-Project Agreements, and other matters relating to the purposes of the Credit.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall cause the Executing Agency to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations and financial condition of the Executing Agency.

(b) The Borrower shall cause the Executing Agency 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 for the first two quarters after the Effective Date and, thereafter, for each semiannual period 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 three months after the end of the periods referred to in sub-paragraph (i) above:
 - (A) certified copies of its financial statement for such period 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 the Executing Agency 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 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.

ARTICLE V

Remedies of the Association

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

(a) 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 the Executing Agency will be able to perform its obligations under the Convention;

(b) the Statutes of the Executing Agency shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Executing Agency to perform any of its obligations under the Convention;

(c) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Executing Agency, or for the suspension of its operations;

(d) the Borrower or the Executing Agency shall have failed to perform any of their respective obligations under the Convention;

(e) the Convention shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the Project or the performance of the Executing Agency of its obligations under the Convention; and

(f) the Implementing Agency has employed to any of the positions referred to in Section 3.01 (b) (iv) of

this Agreement an individual who does not have adequate qualifications or experience.

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

(a) the event specified in paragraphs (d) and (f) of Section 5.01 of this Agreement shall occur and shall continue for a period of 30 days after notice thereof shall have been given by the Association to the Borrower; and

(b) any event specified in paragraphs (a), (b) , (c) or (e) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. 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 Executing Agency has been fully staffed and a Director General, a Technical Director and a Financial Director have been employed with qualifications and experience acceptable to the Association;

(b) the Executing Agency has selected Sub-Projects whose aggregate estimated cost is equivalent to \$7,5 million or more and the Association has approved the selection of such Sub-Projects;

(c) the Convention has been signed by the Borrower and the Executing Agency; and

(d) the Executing Agency has prequalified an initial list of enterprises and engineering firms in accordance with the provisions of Part C of Schedule 3 to this Agreement.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the Convention has been duly authorized or ratified by the Borrower and the Executing Agency and is legally binding upon the Borrower and the Executing Agency in accordance with its terms.

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

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time 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:

Ministere de l'Economie et des Finances

(2) Equipment for the Executing Agency	220,000	100%
(3) Operating costs of the Executing Agency	1,400,000	100%
(4) Consultants' services under Part B of the Project	820,000	100%
(5) Refunding of Project Prepara- tion Advance	1,200,000	Amount due pur- suant to Section 2.02 (c) of this Agreement
(6) Unallocated	1,160,000	
TOTAL	16,100,000	

2. For the purposes of this Schedule the term "operating cost" means the expenditures incurred by the Executing Agency relating to office charges, compensation of staff and travel cost.

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; and (b) payments made, or to be made, for expenditures under Category (1) unless the Association shall be satisfied, after the exchange of views as referred to in Section 3.03 of this Agreement, that all appropriate actions have been taken to remedy any identified problem as shall be in accordance with the provisions of Section 3.01 (b) (ii) of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to create substantial new employment in urban areas, and to improve the individual skills of the workers who will be employed.

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: 1. A program of Work Sub-Projects.
2. A program of Service Sub-Projects.
- Part B: Strengthening the work organization and management of Implementing Enterprises, and training of their staff.

* * *

The Project is expected to be completed by June 30, 1992.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof, works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Preference for Domestic Contractors

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

Part C: Other Procurement Procedures

All contracts for works estimated to cost the equivalent of \$500,000 or less may be procured on the basis of local competitive bidding procedures acceptable to the Association amongst bidders who have been prequalified on the basis of criteria 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 estimated to cost the equivalent of \$250,000 or more or for which less than 5 bids have been received, 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 I 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 Schedule 4 to this Agreement.

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

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Implementing Agency in carrying out the Project, consultants shall be employed

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 the Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) 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 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 FCFA 600 million to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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 Association 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 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 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 Association requests for deposits into the Special Account 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 such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible 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 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:

(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, 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 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 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 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: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule, (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 (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 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 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.

(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.

