

CONFORMED COPY

CREDIT NUMBER 2843 IVC

Development Credit Agreement

(Private Sector Development Adjustment Credit)

between

REPUBLIC OF COTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 12, 1996

CREDIT NUMBER 2843 IVC

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 12, 1996, between REPUBLIC OF COTE D'IVOIRE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Association has received a letter dated March 11, 1996 (hereinafter called the Letter of Private Sector Development Policy) from the Borrower, describing a program of actions, objectives and policies designed to increase competitiveness and promote private sector growth (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Association in the support of the Program during the execution thereof; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

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

"'Project' means the Program, referred to in the Preamble to the Development Credit Agreement, in support of which the Credit is made.";

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

(c) Section 4.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, withdrawals from the Credit Account shall be made in the currency of the deposit account specified in Section 2.02 of the Development Credit Agreement.";

(d) Section 5.01 is modified to read:

"The Borrower shall be entitled to withdraw from the Credit Account the proceeds of the Credit in accordance with the provisions of the Development Credit Agreement and of these General Conditions. Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.";

(e) the last sentence of Section 5.03 is deleted;

(f) Section 9.06 (c) shall be modified to read:

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

(g) Section 9.04 is deleted and Sections 9.05, 9.06 (as modified above), 9.07 and 9.08 are renumbered, respectively, Sections 9.04, 9.05, 9.06 and 9.07.

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) "First Tranche" means the portion of the Credit not exceeding the equivalent of SDR 55,000,000 to be released by the Association on or after the Effective Date.

(b) "Second Tranche" means the portion of the Credit not exceeding the equivalent of SDR 14,000,000 to be released by the Association after the Borrower has complied with the provisions of Section 2.02 (d) of this Agreement.

(c) "Third Tranche" means the portion of the Credit not exceeding the equivalent of SDR 14,000,000 to be released by the Association after the Borrower has complied with the provisions of Section 2.02 (d) of this Agreement.

(d) "Fourth Tranche" means the portion of the Credit not exceeding the equivalent of SDR 14,000,000 to be released by the Association after the Borrower has complied with the provisions of Section 2.02 (d) of this Agreement.

(e) "Fifth Tranche" means the portion of the Credit not exceeding the equivalent of SDR 14,000,000 to be released by the Association after the Borrower has complied with the provisions of Section 2.02 (d) of this Agreement.

(f) "Sixth Tranche" means the portion of the Credit not exceeding the equivalent of SDR 12,900,000 to be released by the Association after the Borrower has complied with the provisions of Section 2.02 (d) of this Agreement.

(g) "CI-TELCOM" means Société Côte d' Ivoire Télécom, a Société d'Economie Mixte established and operating under the laws of the Borrower.

(h) "Competition Committee" means the Commission de la Concurrence established under the Borrower's Law No. 91-999 of December 27, 1991 and operating under the Borrower's Decree No. 92-52 of January 29, 1992, as may be amended from time to time.

## 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 one hundred twenty-three million nine hundred thousand Special Drawing Rights (SDR 123,900,000).

Section 2.02. (a) Subject to the provisions of paragraphs (b), (c) and (d) of this Section, the Borrower shall be entitled to withdraw the proceeds of the Credit from the Credit Account in support of the Program.

(b) The Borrower shall open, prior to furnishing to the Association the first request for withdrawal from the Credit Account, and thereafter maintain in its central bank, a deposit account in CFA Francs on terms and conditions satisfactory to the Association. All withdrawals from the Credit Account shall be deposited by the Association into such deposit account.

(c) The Borrower undertakes that the proceeds of the Credit shall not be used to finance expenditures excluded pursuant to the provisions of Schedule 1 to this Agreement. If the Association shall have determined at any time that any proceeds of the Credit shall have been used to make a payment for an expenditure excluded pursuant to the provisions of said Schedule, the Borrower shall, promptly upon notice from the Association, (i) deposit into the deposit account referred to in paragraph (b) of this Section an amount equal to the amount of said payment, or (ii) if the Association shall so request, refund such amount to the Association. Amounts refunded to the Association upon such request shall be credited to the Credit Account for cancellation.

(d) No withdrawal shall be made from the Credit Account after the aggregate of the proceeds of the Credit withdrawn from the Credit Account shall have reached the amount of the First Tranche and unless, with respect to each consecutive Tranche, the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement, based on evidence satisfactory to the Association:

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

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

(iii) that the Borrower has complied with its internal arrears reduction program and has not incurred new arrears in accordance with paragraph III.5 of the Letter of Private Sector Development Policy;

(iv) that the Borrower has completed the carrying out of at least one of the actions or set of actions specified in the respective paragraphs of Part A of Schedule 2 to this Agreement which has not been previously complied with by the Borrower in respect of another Tranche; and

(v) that the Borrower has completed the carrying out of at least one of the actions or set of actions specified in the respective paragraphs of Part B of Schedule 2 to this Agreement which has not been previously complied with by the Borrower in respect of another Tranche.

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

Section 2.03. The Closing Date shall be March 31, 1998 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 or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

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

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

Section 2.06. Commitment and service charges shall be payable semiannually on January 15 and July 15 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 January 15 and July 15 commencing July 15, 2006 and ending January 15, 2036. Each installment to and including the installment payable on January 15, 2016 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such

installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

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

### ARTICLE III

#### Particular Covenants

Section 3.01. (a) The Borrower and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 2 to this Agreement.

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

(c) Without limitation upon the provisions of paragraph (a) of this Section, the Borrower shall exchange views with the Association on any proposed action to be taken after the disbursement of the Credit which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program, including any action specified in Schedule 2 to this Agreement.

Section 3.02. Upon the Association's request, the Borrower shall:

(a) have the deposit account referred to in Section 2.02 (b) of this Agreement audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(b) furnish to the Association as soon as available, but in any case not later than six months after the date of the Association's request for such audit, 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

(c) furnish to the Association such other information concerning said deposit account and the audit thereof as the Association shall have reasonably requested.

### ARTICLE IV

#### Additional Event of Suspension

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

### ARTICLE V

#### Termination

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

ARTICLE VI

Representative of the Borrower; Addresses

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

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

For the Borrower:

Ministry of Economy and Finance  
B.P. V 125  
Abidjan  
Republic of Côte d'Ivoire

Cable address:

MINFIN  
Abidjan

Telex:

23747 MINFIN

For the Association:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

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

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

REPUBLIC OF COTE D'IVOIRE

By /s/ Moïse Koumoué Koffi

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jean-Louis Sarbib

Regional Vice President

## SCHEDULE 1

## Excluded Expenditures

For purposes of Section 2.02 (c) of this Agreement, the proceeds of the Credit shall not be used to finance the following expenditures:

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

2. expenditures for goods supplied under a contract which any national or international financing institution or agency other than the Association shall have financed or agreed to finance, or which the Association shall have financed or agreed to finance under another credit;

3. expenditures for goods included in the following groups or subgroups of the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M. No. 34/Rev. 3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Borrower:

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

4. expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;

5. expenditures for environmentally hazardous goods. For purposes of this paragraph, the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party; and

6. in furtherance of the purposes of Section 5.01 of the General Conditions, expenditures: (i) in the territories of any country which is not a member of the Bank or for goods produced in such territories; or (ii) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

## SCHEDULE 2

Actions Referred to in Section 2.02 (d) of this Agreement

### Part A

#### 1. Legal and Judicial Reform

The short-term actions for legal and judicial reform described in Annex 1 to the Letter of Private Sector Development Policy have been taken.

#### 2. Streamlining of Port and Customs Procedures

(a) The Borrower has furnished satisfactory evidence to the Association that the Port Autonome d' Abidjan has complied over the preceding period of six months, on average, with the following performance indicators: (i) duration of stay for containers, 7 days for imports, 3 days for exports; (ii) availability of gantry cranes, 90%; and (iii) number of containers unloaded, 16 gross per hour, as set forth in paragraph III.2 of the Letter of Private Sector Development Policy.

(b) The Borrower has furnished satisfactory evidence to the Association that Abidjan customs office has: (i) complied over the preceding period of six months, on average, with the following performance indicators for the customs clearance of goods: "green circuit" (for goods subject to automatic clearance order), 24 hours and "red circuit" (for goods subject to systematic control), 48 hours; and (ii) implemented a computerized management system for exemptions and a procedure for cumulative declarations every ten days by large exporters; all as set forth in paragraph III.3 of the Letter of Private Sector Development Policy.

#### 3. Export Promotion

(a) The Borrower has: (i) published the decree of dissolution and liquidation of Centre de Commerce International d' Abidjan (CCIA); (ii) appointed CCIA's liquidator; and (iii) limited CCIA's staff to the minimum level required to complete liquidation; and (b) an export promotion organization has been created in accordance with paragraph III.10 of the Letter of Private Sector Development Policy.

#### 4. Telecommunications

At least 51% of the voting stock of CI-TELCOM has been sold to a private sector investor or a group of affiliated private sector investors.

#### 5. Office Ivoirien des Chargeurs

The Borrower has reduced its shareholding in Office Ivoirien des Chargeurs (OIC) by transfer to private sector parties so that the aggregate shareholding of the Borrower and of the public sector entities does not exceed 35% of the voting stock.

### Part B

#### 1. Reform of Tax Procedures and Penalties

The Borrower has incorporated revised tax procedures and penalties in the Borrower's 1997 budget law, in a manner satisfactory to the Association.

#### 2. Reform of Customs Procedures and Penalties

(a) The Borrower has incorporated in its 1997 budget law revised customs procedures and penalties and revised tariff structures for assembly industries, in a manner satisfactory to the Association; all in accordance with paragraphs III.3 and



III.11 of the Letter of Private Sector Development Policy.

(b) The Borrower has published a User's Guide to customs procedures in accordance with paragraph III.3 of the Letter of Private Sector Development Policy.

### 3. Labor Legislation

For the implementation of Law No. 95-15 of January 12, 1995 portant Code du Travail, the Borrower has published the decrees listed in Annex 2 to the Letter of Private Sector Development Policy, in form and substance satisfactory to the Association.

### 4. Competition Policy and Further Liberalization of Production and Domestic Marketing Activities

(a) The Borrower has published a law modifying Article 6 of Law No. 91-999 of December 27, 1991 to enable individual firms to submit any competition matter relevant to said firms to the Competition Committee.

(b) With a view to making enforcement of its competition policy more effective, the Borrower has taken all the measures set forth in paragraph III.7-C of the Letter of Private Sector Development Policy, in a manner satisfactory to the Association, to strengthen the Competition Committee, including an increase of its membership from seven to nine, of whom at least four from the private sector, and providing for adequate compensation for the services rendered by said members, and has published a decree modifying Decree No. 92-52 of January 28, 1992 to that effect.

(c) The Borrower has published relevant decrees or arrêtés which allow any person in the territory of the Borrower to undertake activities in at least three service areas in accordance with paragraph III.7-D of the Letter of Private Sector Development Policy, to be determined in agreement with the Association.

(d) The Borrower has defined the conditions for equivalency between the diploma of Certified Public Accountant (CPA) and the diplomas recognized in the Borrower's territory to practice as expert-comptable.

### 5. Maritime Insurance

The Borrower has published a law and a decree respectively modifying Law No. 86-485 and Decree No. 86-486, both of July 1, 1986, to remove the provision requiring all importers to underwrite maritime freight insurance with companies established in the territory of the Borrower.

