

CONFORMED COPY

CREDIT NUMBER 2704 IVC

Development Credit Agreement

(Municipal Support Project)

between

REPUBLIC OF CÔTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 12, 1995

CREDIT NUMBER 2704 IVC

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 12, 1995, between REPUBLIC OF CÔTE D'IVOIRE (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;

WHEREAS (B) the Association has received a letter dated March 14, 1995, from the Borrower describing a program of actions, objectives and policies designed to implement the Borrower's strategy in the urban sector (hereinafter referred to as the Program), and declaring the Borrower's commitment to the execution of such program; and

WHEREAS (C) the Association has agreed, on the basis inter alia of

the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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

(a) "AFVP" means Association Française des Volontaires du Progrès, an international NGO operating in the Borrower's territory;

(b) "BCEAO" means the Banque Centrale des Etats de l'Afrique de l'Ouest, the Central Bank of the Borrower;

(c) "CAA" means Caisse Autonome d'Amortissement, a public financial institution of the Borrower;

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

(e) "CCG-PACOM" means Comité de Coordination et de Gestion du Programme d'Appui à la Conduite d'Opérations Municipales, the Project management committee established pursuant to the Borrower's Decree No. 94-367, dated July 1, 1994, as amended by the Borrower's Decree No. 95-107, dated February 10, 1995;

(f) "FPCL Guidelines" means the guidelines referred to under Section 6.01 (a) and Annex 4 to this Agreement;

(g) "COIC" means Contrat d'Opérations d'Intérêt Communal, an agreement to be entered into by the Borrower and the municipalities to finance Local Investment Subprojects pursuant to paragraph 9 of Annex 4 to this Agreement;

(h) "DCGTX" means the Direction et Contrôle des Grands Travaux of the Borrower;

(i) "DGCL" means the Direction Générale des Collectivités Locales of the Borrower;

(j) "DGI" means the Direction Générale des Impôts of the Borrower;

(k) "DGP" means Direction Générale du Plan, a Directorate of the Borrower's ministry responsible for planning;

(l) "FPCL" means the Fonds de Prêts aux Collectivités Locales, a municipal credit fund created pursuant to the Borrower's Decree No. 89-962, dated August 30, 1989;

(m) "FPCL Subloan" means a loan made or proposed to be made by FPCL to a municipality out of the proceeds of the Credit under Part A.2 of the Project;

(n) "FPCL Subloan Agreement" means the agreement between FPCL and a municipality for purposes of making a FPCL Subloan;

(o) "FPCL Subproject" means an income generating subproject to be financed under Part A.2 of the Project;

(p) "Local Investment Subprojects" means the investment subprojects to be submitted by municipalities for financing under Part A.1 of the Project;

(q) "Project Implementation Manual" means the manual referred to in Section 6.01 (c) of this Agreement;

(r) "MACOM" means Mission d'Appui à la Conduite d'Opérations Municipales, the technical secretariat of the CCG-PACOM referred to in paragraph (e) above;

(s) "Municipalities" means the municipalities established pursuant to the Borrower's Law No. 80-1180 dated October 17, 1980, as amended by the Borrower's Law No. 85-578 dated July 29, 1985;

(t) "Small Municipalities" means municipalities having a population of less than 25,000 habitants and an annual budget of less than CFA 60,000,000;

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

(v) "UVICOCI" means the Union des Villes et Communes de Côte d'Ivoire, an association of Ivorian mayors established pursuant to the Borrower's Law No. 60-315 dated September 21, 1960.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twenty seven million two hundred thousand Special Drawing Rights (SDR 27,200,000).

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 may, for the purposes of Part A.1 of the Project, open and maintain in CFA francs a special deposit account (hereinafter referred to as "Municipalities" Special Account) in CAA on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the "Municipalities" Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) The Borrower may, for the purposes of Part A.2 of the Project, open and maintain in CFA francs a special deposit account (hereinafter referred to as "FPCL" Special Account) in CAA on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the "FPCL" Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(d) The Borrower may, for the purposes of Parts B.1, B.2 and B.3 of the Project, open and maintain in CFA francs a special deposit account (hereinafter referred to as "MACOM" Special Account) in CAA on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the "MACOM" Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2000 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 (60) days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

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

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on February 15 and August 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 February 15 and August 15 commencing August 15, 2005 and ending February 15, 2035. Each installment to and including the installment payable on February 15, 2015 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

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

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, environmental and engineering 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 Association shall otherwise agree, the Borrower, through the CCG-PACOM, shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement and the Project Implementation Manual.

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

Section 3.03. Without limitation upon the provisions of Article IX of the General Conditions, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association 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 Association, a plan for the future operation of the Project;

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan; and

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

Section 3.04. The Borrower shall:

(a) not later than June 30, 1998 carry out jointly with the Association a midterm review of the Project during which they shall exchange views generally on all matters relating to the progress of the Project and the performance by the Borrower of its obligations under this Agreement and, in particular: procurement procedures, CCG-PACOM's decisions making process regarding the Local Investment Subprojects, and the availability and timeliness of municipalities' and local population's contributions;

(b) based on the findings of the midterm review thereafter carry out such corrective or other actions as the Borrower and the Association shall determine in accordance with a time schedule satisfactory to the Association; and

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

Section 3.05. On the basis of the studies referred to in Part B of the Project, the Borrower shall:

(a) not later than April 1998, furnish to the Association for its review and comments an action plan describing a program of measures and actions, with a timetable, designed to streamline the allocation of resources between the Borrower and the municipalities;

(b) exchange views with the Association on the content of said action plan during the midterm review referred to in Section 3.04 above; and

(c) thereafter shall take promptly all actions and measures necessary for the execution of an action plan acceptable to the Association.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of 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 Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

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

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

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

(i) maintain, or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal

year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### 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) Decree No. 94-367 dated July 1, 1994 of the Borrower, as amended by Decree No. 95-107 dated February 10, 1995 of the Borrower shall have been amended, suspended, abrogated or repealed so as to affect materially and adversely the ability of CCG-PACOM to perform any of its obligations under this Agreement.

(b) Decree No. 94-70 dated February 23, 1994 of the Borrower enabling the municipalities to open investment accounts shall have been amended, suspended, abrogated or repealed so as to affect materially and adversely the ability of the municipalities to perform any of their obligations under this Agreement.

(c) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of CCG-PACOM or for the suspension of its operations.

(d) The Borrower shall have amended, suspended, abrogated or repealed arrêté No. 149 dated February 21, 1995.

(e) The FPCL Guidelines shall have been amended, suspended, abrogated or repealed without the approval of the Association.

(f) A situation shall have arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the events specified in paragraphs (a), (b) and (c) 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) FPCL Steering Loan Committee has issued the FPCL Guidelines under terms and provisions satisfactory to the Association;

(b) the Borrower has established procedures satisfactory to the Association for the accounting and consolidation of MACOM's and CAA's project accounts;

(c) the Borrower has adopted a Project Implementation Manual satisfactory to the Association outlining the procurement, disbursement and other implementation arrangements for the Project including subprojects' and subloans' eligibility criteria and approval procedures; and

(d) the Borrower has submitted drafts of standard bidding documents for the procurement of goods and works satisfactory to the Association.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the

General Conditions.

ARTICLE 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:

Ministry of Economy, Finance and Planning  
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:

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

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

REPUBLIC OF CÔTE D'IVOIRE

By /s/

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/

Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit



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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil Works:		
(a) Under Part A.1 of the Project	19,060,000	100% of foreign expenditures and 80% of local expenditures
(b) Under Part A.2 of the Project	1,720,000	100% of foreign expenditures and 80% of local expenditures
(2) Equipment and Vehicles	1,170,000	100% of foreign expenditures and 80% of local expenditures
(3) Consultants services and Training	1,890,000	100%
(4) Subloans under Part B.4 of the Project	910,000	90% of Amounts Disbursed
(5) MACOM Operating Costs	330,000	80%
(6) Unallocated	2,120,000	
TOTAL	27,200,000	

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;

(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"; and

(c) the term "MACOM Operating Costs" means the incremental Project related costs incurred by MACOM on account of vehicles maintenance and the provision and maintenance of office supplies.

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

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures incurred under contracts not exceeding \$120,000 equivalent, under such terms and conditions as the Association shall specify by notice to the

Borrower.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to: (i) improve welfare of the population in urban areas by increasing urban incomes and improving urban services; (ii) improve living conditions of low income groups in urban areas; (iii) improve the national and local governments' capacity to implement and sustain urban services through the establishment of improved systems of financing and management, including an increase in local resources mobilization; and (iv) contribute to sustained development through environmental improvement and protection.

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: Priority Urban Works

##### 1. The carrying out of Local Investment Subprojects through:

(a) The provision of basic social or economic infrastructure to Small Municipalities through, inter alia, the construction and rehabilitation of roads, drains, public latrines, and public buildings.

(b) The implementation of priority rehabilitation operations in the following four squatter settlements: Bardo in the town of San Pedro, Banco in the town of Bouaké, Grand Campement and PK18 in the city of Abidjan; and

(c) The rehabilitation of squatter settlements through, inter alia, the acquisition of small community equipment, construction of roads and drainage facilities, installation of potable water connections and public lighting along primary roads.

2. Provision through FPCL of subloans to municipalities for income-generating subprojects such as construction and rehabilitation of markets, slaughterhouses, bus terminals and other economically and socially justified investments.

#### Part B: Municipal Capacity Building

1. Strengthening of the municipalities' managerial, financial and technical capacity to design and implement investments through the provision of training and technical assistance.

2. Institutional strengthening of DGCL and MACOM through the provision of technical assistance, and the acquisition of vehicles, equipment and computers.

3. Carrying out of tax reform preparation studies, development of a simplified fiscal cadastre and institutional strengthening of the DGI, through the provision of technical assistance and the acquisition of equipment.

4. Provision of subloans to micro-enterprises intended to launch or sustain small economic activities.

\* \* \*

The Project is expected to be completed by December 31, 1999.

## SCHEDULE 3

### Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part B hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines), and in accordance with the following additional procedures:

(a) When contract award is delayed beyond the original bid validity period, such period may be extended once, subject to and in accordance with the provisions of paragraph 2.59 of the Guidelines, by the minimum amount of time required to complete the evaluation, obtain necessary approvals and clearances and award the contract. The bid validity period may be extended a second time only if the bidding documents or the request for extension shall provide for appropriate adjustment of the bid price to reflect changes in the cost of inputs for the contract over the period of extension. Such an increase in the bid price shall not be taken into account in the bid evaluation. With respect to each contract made subject to the Association's prior review in accordance with the provisions of Part C.1 (a) of this Section, the Association's prior approval will be required for: (i) a first extension of the bid validity period if the period of extension exceeds sixty (60) days, and (ii) any subsequent extension of the bid validity period.

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

Part B: Other Procurement Procedures

1. Civil Works, estimated to cost the equivalent of \$120,000 or less per contract, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

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

3. Goods estimated to cost less than the equivalent of \$20,000 per contract, up to an aggregate amount not to exceed the equivalent of \$250,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part C: 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 \$120,000 or more and to the three initial contracts awarded by each municipality and to be financed under Part A of the Project, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure

that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

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

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

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

## Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

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

## SCHEDULE 4

### Implementation Program

#### Project Management

1. CCG-PACOM shall be responsible for the overall coordination, monitoring and supervision of the Project under terms of reference acceptable to the Association.

2. The CCG-PACOM shall include, inter alia, representatives of the ministries responsible for Interior, Economy, Finance and Planning, Construction and Town Planning, CAA, DCGTX, and at least three mayors

appointed by UVICOCI.

3. The Borrower shall maintain, until the completion of the Project, MACOM with key staff whose experience, qualifications and terms of employment are acceptable to the Association.

4. MACOM's primary functions will be to: (i) assist the CCG-PACOM in the preparation and implementation of its municipal investment strategy; and (ii) carry out the day-to-day management of the Project.

#### Part A.1

5. The Borrower shall use the proceeds of the Credit allocated to Category (1) (a) of the table in paragraph 1 of Schedule 1 to this Agreement to finance the Local Investment Subprojects submitted by the municipalities to the CCG-PACOM for approval.

6. Proposals for Local Investment Subprojects shall be considered for financing only if they comply with the provisions and eligibility criteria of the Project Implementation Manual, including those related to: (a) the use of labor intensive techniques, beneficial impact on the environment and poverty alleviation, and local population's involvement; and (b) the conduct of environmental impact studies, the design of resettlement plans and the production of evidence of local population's consultation, all satisfactory to the Association.

7. MACOM shall: (i) assist the municipalities to identify and design the Local Investment Subprojects; (ii) consolidate, every other month, the Local Investment Subprojects proposals; and (iii) communicate these proposals to CCG-PACOM for approval and to the Association for review.

8. The CCG-PACOM shall promptly notify the municipalities, the Borrower and the Association of its rulings, provide the reasons for its rulings, and ensure that the rulings are published in the Voix des Communes, an information bulletin for mayors.

9. For the execution of the Local Investment Subprojects, the Borrower, through its Ministry responsible for Interior, shall enter into a COIC agreement, on terms and conditions satisfactory to the Association, with the municipality whose proposal has been approved by the CCG-PACOM.

10. The COIC agreement shall provide, inter alia, for a detailed description of the Local Investment Subprojects, the nature and amount of the Borrower's contribution, the nature and amount of the municipalities' contribution, the nature and amount of the local population's contribution, the procurement methods and a schedule of payments.

11. The Borrower, through MACOM, shall assist the municipalities implement the Local Investment Subprojects and ensure that this implementation conforms generally with the provisions of the Project Implementation Manual and in particular with its provisions relating to environmental impact studies, resettlement plans and local population's consultation.

#### Part A.2 of the Project

12. In order to carry out Part A.2 of the Project, the Borrower shall maintain until the completion of the Project:

(i) the FPCL in CAA, on terms and conditions satisfactory to the Association; and

(ii) the FPCL steering loan committee (hereinafter referred to as the FPCL Steering Loan Committee), chaired by the Director General of CAA, and consisting, inter alia, of representatives of the Borrowers's Ministries of Economy,

Finance and  
DCGTX.

Planning, Interior, and the Director General of

13. The Borrower shall use the proceeds of the Credit allocated to Category (1) (b) of the table in paragraph 1 of Schedule 1 to this Agreement to finance the FPCL Subloans to the municipalities approved by the FPCL Steering Loan Committee.

14. The FPCL Steering Loan Committee shall issue and apply, throughout Project's implementation, the FPCL Guidelines setting forth the general terms and conditions for the use by the municipalities of the proceeds of the credit.

15. The FPCL Guidelines shall include, in particular: (i) the terms and conditions of FPCL Subloans applicable to the eligible FPCL Subprojects including interest rates, repayment terms and grace periods; and (ii) guidelines on FPCL Subprojects preparation, appraisal and implementation, and standard FPCL Subloans forms and FPCL Subloans agreements.

16. No FPCL Subloans applications shall be considered for approval by the FPCL Steering Loan Committee unless they comply with the provisions of the FPCL Guidelines including: (i) the municipalities's financial eligibility criteria based, inter alia, on the municipalities's financial solvency; and (ii) the FPCL's Subproject's financial, technical and economic eligibility criteria based, inter alia, on the proposed investment's estimated rate of return and its income-generating nature.

17. MACOM shall assist the municipalities to identify and design the FPCL Subprojects to be financed under Part A.2 of the Project and ensure the compliance of the FPCL Subprojects proposals and the FPCL Subloans applications with the provisions of the Project Implementation Manual and the FPCL Guidelines.

18. The FPCL Steering Loan Committee shall: (i) decide promptly on the FPCL Subloans applications complying with the provisions of the FPCL Guidelines; and (ii) promptly informs MACOM of its rulings relating to FPCL Subloans applications.

19. The Borrower, through CAA, shall enter into FPCL Subloan agreements, whose terms and conditions are conform to the FPCL Guidelines and satisfactory to the Association, with the municipalities whose Subloan applications have been approved by the FPCL Steering Loan Committee.

20. MACOM shall assist the municipalities implement the FPCL Subprojects and communicate, on a quarterly basis, to the Association the consolidated reports on the FPCL Steering Loan Committee's activities and the status of approved FPCL Subloans.

#### Part B.4 of the Project

21. In order to carry out Part B.4 of the Project, the Borrower shall maintain, until the completion of the Project, the Monitoring Committee (Comité de Suivi) chaired by the Minister responsible for Economy, Finance and Planning or his representative, and composed of representatives of AFVP, BCEAO, CCG-PACOM, CAA and DCGTX.

22. The Borrower shall use the proceeds of the Credit allocated to Category (4) of the table in paragraph 1 of Schedule 1 to this Agreement to finance subloans to micro-enterprises.

23. No subloans applications shall be considered for approval unless they comply with the provisions of the Project Implementation Manual, including those related to the eligibility criteria of the micro-enterprises and the terms and conditions of the subloans.

24. The Monitoring Committee shall: (i) set terms and conditions of the

subloans to micro-enterprises, including interest rates and repayment schedules, satisfactory to the Association; and (ii) adjust, if necessary, with the Association's prior approval the terms and conditions of subloans to micro-enterprises.

25. The Monitoring Committee shall: (i) decide promptly on subloans applications submitted by micro-enterprises complying with the Project Implementation Manual's provisions; and (ii) send to MACOM for information quarterly reports on its activities and the status of approved subloans to micro-enterprises.

26. The Borrower, through DGP, shall enter into subloan agreements with the micro-enterprises, whose subloans applications have been approved by the Monitoring Committee, under terms and conditions satisfactory to the Association.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means the following Categories as set forth in the table in paragraph 1 of Schedule 1 to this Agreement:

(i) Category 1 (a) for the "Municipalities" Special Account;

(ii) Category 1 (b) for the "FPCL" Special Account; and

(iii) Categories 2, 3 and 5 for the "MACOM" Special Account;

(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: (i) for the "Municipalities" Special Account, an amount equivalent to \$2,000,000 to be withdrawn from the Credit Account and deposited into the "Municipalities" Special Account; (ii) for the "FPCL" Special Account an amount equivalent to \$500,000 to be withdrawn from the Credit Account and deposited into the "FPCL" Special Account; and (iii) for the "MACOM" Special Account an amount equivalent to \$500,000 to be withdrawn from the Credit Account and deposited into the "MACOM" Special Account. All deposits into any Special Account shall be in accordance with paragraph 3 (a) of this Schedule.

(d) Unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$1,000,000, \$250,000 and \$250,000 for the "Municipalities" Special Account, the "FPCL" Special Account, the "MACOM" Special Account respectively until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 9,500,000, SDR 850,000 and SDR 1,700,000 respectively.

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

3. After the Association has received evidence satisfactory to it that any Special Account has been duly opened, withdrawals of the Authorized Allocation corresponding to that Special Account and subsequent

withdrawals to replenish such 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 deposit into the Special Account of an amount or amounts 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 corresponding Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of any Special Account, the Borrower shall furnish to the Association requests for deposits into such 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 corresponding 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 such 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 any 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 any 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;

(b) if the Borrower shall have failed to furnish to the Association, 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 Association pursuant to said Section in respect of the audit of the records and accounts for such Special Account;

(c) if, at any time, the Association 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 Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories corresponding to such Special Account, minus the total amount of all outstanding special commitments 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 corresponding Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories



corresponding to such Special Account 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 such 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 any 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 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 any 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 any 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.

