

CONFORMED COPY

CREDIT NUMBER 3195 TO

Development Credit Agreement

(Pilot Social Fund Project)

between

TOGOLESE REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 3, 1999

CREDIT NUMBER 3195 TO

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 3, 1999, between TOGOLESE REPUBLIC (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 Project will be carried out in the Savanes Region of the Borrower by Agence d'Appui aux Initiatives de Base-Savanes (AGAIB-Savanes) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to AGAIB-Savanes as a grant, a part of the proceeds of the Credit as provided in this Agreement;

(C) The Project will be carried out in the Maritime Region of the Borrower by Agence d'Appui aux Initiatives de Base-Maritime (AGAIB-Maritime) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to AGAIB-Maritime, as a grant, a part of the proceeds of the Credit as provided in this Agreement; 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 and in the following Agreements of even date herewith, namely the Project Agreement between the Association and the Agence d'Appui aux Initiatives de Base-Savanes (AGAIB-Savanes) and the Project Agreement between the Association and the Agence d'Appui aux Initiatives de Base-Maritime (AGAIB-Maritime);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through December 2, 1997), with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly renumbered as paragraphs (13) through (15):

"12. "Participating Country" means any country that the Association determines meets the requirements set forth in Section 10 of Resolution No. 183 of the Board of Governors of the Association, adopted on June 26, 1996; and "Participating Countries" means, collectively, all such countries."

(b) The second sentence of Section 5.01 is modified to read:

"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 Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

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) "AGAIB-Maritime Convention" means the agreement to be entered into between the Borrower and AGAIB-Maritime pursuant to Section 3.05 (a) of this Agreement, as the same may be amended from time to time, and such term includes any schedules to the AGAIB-Maritime Convention;

(b) "AGAIB-Maritime Project Agreement" means the agreement between the Association and AGAIB-Maritime of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the AGAIB-Maritime Project Agreement;

(c) "AGAIB-Maritime" means Agence d'Appui aux Initiatives de Base-Maritime, a non-profit association established and operating under the Borrower's laws and regulations pursuant to its statutes dated May 13, 1998, (the AGAIB-Maritime Statutes) and the Récépissé referred to in Section 6.01 (d) of this Agreement;

(d) "AGAIB-Savanes Convention" means the agreement to be entered into between the Borrower and AGAIB-Savanes pursuant to Section 3.05 (a) of this Agreement, as the same may be amended from time to time, and such term includes any schedules to the AGAIB-Savanes Convention;

(e) "AGAIB-Savanes Project Agreement" means the agreement between the Association and AGAIB-Savanes of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the AGAIB-Savanes Project Agreement;

(f) "AGAIB-Savanes" means Agence d'Appui aux Initiatives de Base-Savanes, a

non-profit association established and operating under the Borrower's laws and regulations pursuant to its statutes dated April 28, 1998, (the AGAIB-Savanes Statutes) and the Récépissé (as hereinafter defined) referred to in Section 6.01 (d) of this Agreement;

(g) "Beneficiary" means a community group, to which, or for the benefit of which, a Grant (as hereinafter defined) is made, or proposed to be made;

(h) "CFA Franc or "Franc de la Communauté Financière Africaine" means the currency of the Borrower;

(i) "Convention" means either or both the AGAIB-Savanes Convention and the AGAIB-Maritime Convention;

(j) "Financing Agreement" means the agreement to be entered into between AGAIB-Savanes or AGAIB-Maritime and an Implementing Agency (as hereinafter defined) for the purpose of carrying out a Subproject (as hereinafter defined) under Part A.1 or Part A.2, respectively, of the Project;

(k) "Grant" means a grant made, or proposed to be made, by AGAIB-Savanes or AGAIB-Maritime to finance a Subproject under Part A.1 or Part A.2, respectively, of the Project;

(l) "Implementing Agency" means a village committee or association, or a NGO (as hereinafter defined) or other entity, responsible for the implementation of a Subproject under Part A of the Project for, or on behalf of, a Beneficiary;

(m) "Maritime Region" means the administrative region in the territory of the Borrower so denominated and established pursuant to Law No. 81-8 of June 23, 1981;

(n) "NGO" means a non-governmental organization established and operating in the territories of the Borrower;

(o) "Operating Manual" means the manual referred to in Part A (b) of Schedule 4 to this Agreement and setting out, inter alia, criteria, procedures and guidelines for the administration, promotion, appraisal and supervision of Subprojects, as the same may be amended from time to time, and such term includes any schedules to the Operating Manual;

(p) "Project Account" means either or both the accounts referred to in Section 3.06 (a) of this Agreement;

(q) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated May 26, 1998 and June 11, 1998 between the Borrower and the Association;

(r) "Project Year" means the twelve-month period beginning from the Effective Date and ending twelve months thereafter (the First Project Year), and any twelve-month period beginning at the end of the First Project Year, or the end of subsequent Project Years;

(s) "Récépissé" means the Borrower's decision granting to AGAIB-Savanes and AGAIB-Maritime, the status of a public interest association in accordance with applicable laws of the Borrower, and issued pursuant to Section 6.01(d) of this Agreement;

(t) "Regional Coordinator" means the Regional Coordinator referred to in paragraph A.3 of the respective Schedule of AGAIB-Savanes and AGAIB-Maritime Project Agreements;

(u) "Regional Screening Committee" means the screening committee (Comité régional d'approbation) set up both in the Maritime Region and the Savanes Region of the Borrower, in charge of the screening of Subprojects (as hereinafter defined) at the regional level when the amount of the corresponding Grant (as hereinafter defined) is to be in excess of the amounts referred to in Part A (d) of Schedule 4 to this Agreement;

(v) "Savanes Region" means the administrative region in the territory of the Borrower so denominated and established pursuant to Law No. 81-8 of June 23, 1981;

(w) "Special Account" means either or both the accounts referred to in Section 2.02(b) of this Agreement;

(x) "Subproject" means a specific activity financed, or proposed to be financed, through Grants made under Part A of the Project; and

(y) "Unité de Coordination Nationale" means the coordinating structure to be established by AGAIB-Savanes and AGAIB-Maritime pursuant to paragraph B.3 of Schedule 4 to this Agreement.

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 three million eight hundred thousand Special Drawing Rights (SDR 3,800,000).

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: (i) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project (other than Part A thereof) described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit; and (ii) amounts paid (or, if the Association shall so agree, to be paid) by AGAIB-Savanes or AGAIB-Maritime on account of withdrawals made for the benefit of a Beneficiary under a Grant to meet the reasonable cost of goods, works and services required for a Subproject to be financed under Part A of the Project, and in respect of which the withdrawal from the Credit Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFA Francs: (i) one special deposit account, in the name of AGAIB-Savanes (hereinafter referred to as the AGAIB-Savanes Special Account); and (ii) one special deposit account, in the name of AGAIB-Maritime (hereinafter referred to as the AGAIB-Maritime Special Account). The Special Accounts shall be maintained in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against setoff, seizure and attachment. Deposits into, and payments out of, each Special Account shall be made in accordance with the provisions of Schedule 5 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 canceled.

Section 2.03. The Closing Date shall be December 31, 2001 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 canceled; and (ii) at the rate set as of 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 March 1 and September 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each March 1 and September 1 commencing September 1, 2009 and ending March 1, 2039. Each installment to and including the installment payable on March 1, 2019 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 per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the 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 repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the 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.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the 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. AGAIB-Savanes and AGAIB-Maritime are designated as representatives 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

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 other obligations under the Development Credit Agreement, shall cause AGAIB-Savanes and AGAIB-Maritime to perform in accordance with the provisions of the AGAIB-Savanes Project Agreement and the

AGAIB-Maritime Project Agreement all the respective obligations of AGAIB-Savanes and AGAIB-Maritime 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 AGAIB-Savanes and AGAIB-Maritime to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(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 shall assist AGAIB-Savanes and AGAIB-Maritime in the carrying out of the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

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. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall take steps, or cause AGAIB-Savanes and AGAIB-Maritime to take steps, to:

(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, of such scope and in such detail as the Association shall reasonably request, for the future operation of the Project; and

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

Section 3.04. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, and land acquisition, respectively) shall be carried out by AGAIB-Savanes pursuant to Section 2.03 of the AGAIB-Savanes Project Agreement and by AGAIB-Maritime pursuant to Section 2.03 of the AGAIB-Maritime Project Agreement.

Section 3.05. (a) The Borrower shall conclude:

(i) an agreement with AGAIB-Savanes (hereinafter referred to as the AGAIB-Savanes Convention), under which it shall transfer to AGAIB-Savanes part of the proceeds of the Credit allocated from time to time to Categories 1(a), 2(a), 3(a), 4(a) and 5(a) of the table in paragraph 1 of Schedule 1 to this Agreement on a non-reimbursable basis and on such other terms and conditions as shall be acceptable to the Association; including, but without being limited to, the provisions set forth in Part A of Schedule 4 to this Agreement; and

(ii) an agreement with AGAIB-Maritime (hereinafter referred to as the AGAIB-Maritime Convention), under which it shall transfer to AGAIB-Maritime part of the proceeds of the Credit allocated from time to time to Categories 1(b), 2(b), 3(b), 4(b) and 5(b) of the table in paragraph 1 of Schedule 1 to this Agreement on a non-reimbursable basis and on such other terms and conditions as shall be acceptable to the Association; including, but without being limited to, the provisions set forth in Part A of Schedule 4 to this Agreement; and

(b) The Borrower shall exercise its rights under the respective AGAIB-Savanes and AGAIB-Maritime Conventions 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 AGAIB-Savanes or AGAIB-Maritime Conventions or any provision thereof.

Section 3.06 Without any limitation upon the provisions of Section 3.01 of this

Agreement, the Borrower shall, for the purposes of making available its counterpart contribution to the financing of the Project:

(a) open and thereafter maintain two accounts in CFAF (the Project Accounts) in a commercial bank and on terms and conditions satisfactory to the Association. The first Project Account shall be in the name of, and operated and maintained by AGAIB-Savanes (hereinafter referred to as the AGAIB-Savanes Project Account) and the second Project Account shall be in the name of, and operated and maintained by AGAIB-Maritime (hereinafter referred to as the AGAIB-Maritime Project Account).

(b) deposit into each Project Account an initial contribution of forty seven million two hundred eighty two thousand CFAF (CFAF 47,282,000).

(c) thereafter, replenish each Project Account at least on a quarterly basis, or whenever its balance shall be less than the equivalent of eleven million eight hundred twenty thousand CFAF (CFAF 11,820,000).

(d) ensure that amounts deposited into each Project Account shall be used exclusively to make payments to meet expenditures made or to be made in respect of the reasonable cost of goods, works and services for the Project in addition to those financed from the proceeds of the Credit.

ARTICLE IV

Financial Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditures, the Borrower shall:

(i) maintain, or cause to be maintained, in accordance with sound accounting practices, records and accounts reflecting such expenditures;

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

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

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) (i) 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 (6) months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including 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; and

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

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) AGAIB-Savanes shall have failed to perform any of its obligations under the AGAIB-Savanes Project Agreement;

(b) AGAIB-Maritime shall have failed to perform any of its obligations under the AGAIB-Maritime Project Agreement; and

(c) as a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that AGAIB-Savanes or AGAIB-Maritime will be able to perform their respective obligations under the AGAIB-Savanes Project Agreement and the AGAIB-Maritime Project Agreement.

Section 5.02. Pursuant to Section 7.01(d) of the General Conditions, the following additional event is specified, namely, that the event specified in paragraph (a) or (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower.

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 AGAIB-Savanes Convention has been executed on behalf of the Borrower and AGAIB-Savanes and the AGAIB-Maritime Convention has been executed on behalf of the Borrower and AGAIB-Maritime;

(b) the AGAIB-Savanes Project Account and the AGAIB-Maritime Project Account have been opened and the initial contributions referred to in Section 3.06 (b) of this Agreement have been deposited therein;

(c) the Borrower has employed the independent auditors referred to in Section 4.01 of this Agreement and Sections 4.01 of the AGAIB-Savanes Project Agreement and the AGAIB-Maritime Project Agreement, respectively, in accordance with the provisions of Section II of Schedule 3 to this Agreement; (d) the Borrower has issued the Récépissé, in form and substance satisfactory to the Association, and published it in its official gazette;

(e) AGAIB-Savanes and AGAIB-Maritime have each established an adequate financial management system, satisfactory to the Association, for purposes of the Project; and

(f) AGAIB-Savanes and AGAIB-Maritime have established the Unité de Coordination Nationale, acceptable to the Association.

Section 6.02. The following are specified as additional matters, 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:

(a) that the AGAIB-Savanes Project Agreement and the AGAIB-Maritime Project Agreement have been duly authorized or ratified by AGAIB-Savanes and AGAIB-Maritime, respectively, and are legally binding upon AGAIB-Savanes and AGAIB-Maritime, respectively, in accordance with their terms; and

(b) that the AGAIB-Savanes Convention and the AGAIB-Maritime Convention have been duly authorized or ratified by the Borrower and AGAIB-Savanes and AGAIB-Maritime, respectively, and are legally binding upon the Borrower and AGAIB-Savanes and AGAIB-Maritime, respectively, in accordance with their 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.

Section 6.04. The obligations of the Borrower under Section 4.01 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date fifteen years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.09 of this Agreement, the Minister of the Borrower responsible for Economy and 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:

Ministère de l'Economie et des Finances
B.P. 387
Lomé
République Togolaise

Cable address:

MINFIE

Telex:

5286

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

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.

TOGOLESE REPUBLIC

By /s/ Pascal A. Bodjona

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Theodore Ahlers

Acting 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) Grants for Subprojects		100% of amounts disbursed
(a) under Part A.1 of the Project	600,000	
(b) under Part A.2 of the Project	600,000	
(2) Works under Part D of the Project		100% of foreign expenditures and 85% of local expenditures
(a) for AGAIB-Savanes	50,000	
(b) for AGAIB-Maritime	50,000	
(3) Equipment, vehicles, furniture and materials under Parts B and D of the Project		100% of foreign expenditures and 85% of local expenditures
(a) for AGAIB-Savanes	75,000	
(b) for AGAIB-Maritime and Unité de Coordination Nationale	150,000	
(4) Consultants' services, audit, training and studies under Parts B, C and D of the Project:		100%
(a) for AGAIB-Savanes	750,000	
(b) for AGAIB-Maritime and Unité de Coordination Nationale	900,000	
(5) Operating Costs under Part D of the Project:		85%
(a) for AGAIB-Savanes	75,000	
(b) for AGAIB-Maritime and Unité de Coordination Nationale	150,000	
(6) Refunding of Project Preparation Advance	100,000	Amount due pursuant to Section 2.02(c) of this Agreement
(7) Unallocated	300,000	
TOTAL	3,800,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(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 "operating costs" means the incremental operating costs arising under the Project on account of local contractual staff salaries, travel and other allowances; maintenance of buildings, office equipment and vehicles; office rental, materials and supplies; utilities, communications' expenses and vehicle insurance.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures prior to the date of this Agreement; and

(b) in respect of a Grant unless the Grant has been made in accordance with the criteria, procedures and terms and conditions set forth or referred to in paragraphs 5, 6, and 7 of the respective Schedule to the AGAIB-Savanes Project Agreement and the AGAIB-Maritime Project Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (i) goods and works under contracts costing less than \$50,000 equivalent each; and (ii) consultants' services (firms) under contracts not exceeding \$50,000 equivalent, all 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: (a) test the feasibility of a decentralized network of autonomous regional social funds in the territory of the Borrower and (b) alleviate poverty and support social capital development, through the provision of financial and technical resources to support community initiated activities.

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: Social and Economic Infrastructure

Provision of Grants for the financing of the following activities in: (1) the Savanes Region; and (2) the Maritime Region, of the Borrower: identification, appraisal, design, implementation, supervision and evaluation of community-initiated activities relating to the construction and rehabilitation of essential local economic and social infrastructure, including but not limited to: (i) primary education; (ii) basic health services; (iii) water supply and sanitation systems; (iv) rural feeder roads, small bridges and other basic transport infrastructure; and (v) markets and storage facilities.

Part B: Financial Intermediation

Improving the efficiency, safety, capacity and outreach of local institutions involved in decentralized financial intermediation through the provision of technical advisory services and training, and acquisition of equipment, vehicles and materials.

Part C: Capacity Building for Grassroots Community Groups

1. Enhancing the technical, organizational, managerial and strategic capabilities of grassroots community groups through the provision of technical advisory services and training.

2. Enhancing the capabilities of grassroots community groups to use and maintain the infrastructure and facilities financed under Part A of the Project through the provision of technical advisory services and training.

Part D: Institutional Arrangements

1. Construction and/or rehabilitation of office space, and acquisition of equipment, vehicles, furniture and materials for AGAIB-Savanes, AGAIB-Maritime and Unité de Coordination Nationale and the provision of technical advisory services therefor.

2. Carrying out of monitoring and evaluation of activities under the Project through the provision of technical advisory services.

* * *

The Project is expected to be completed by June 30, 2001.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Good and Works

Part A: General

1. Goods and works shall be procured in accordance with: (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and in September 1997, subject to the modifications thereto set forth in paragraph 2 of this Part A, (the Guidelines); and (b) the provisions of the following Parts of this Section I.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: International Competitive Bidding

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

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Works estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Goods estimated to cost the equivalent of \$50,000 or more but less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may be procured under contracts

awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Community Participation

Notwithstanding the provisions of paragraphs 1 and 2 of this Part C, goods and works required for Part A of the Project shall be procured in accordance with paragraph 3.15 of the Guidelines and as specified in the Operating Manual.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

With respect to (a) each contract for goods or works estimated to cost the equivalent of \$50,000 or more; and (b) the first three Grants to be awarded by AGAIB-Savanes or AGAIB-Maritime, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

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

Section II. Employment of Consultants

Part A: General

1. Consultants' services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Selection Under a Fixed Budget

Services for management of Subprojects under Part A of the Project may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services for small project evaluation under Part D of the Project estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant

Guidelines.

3. Individual Consultants

Services for project management, capacity building, project evaluation and third party post review under Part D of the Project shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

4. Least-cost Selection Services for project auditing under Part D of the Project estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms for Parts A through D of the Project estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms other than for services for project evaluation under Part D of the Project, estimated to cost the equivalent of \$50,000 or more, but less than the equivalent of \$100,000, or any amendment to any such contract that would result in a revised value equivalent to \$50,000 or more, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)), and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, or any amendment to any such contract that would result in a revised value equivalent to \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 1 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply provided that the exceptions to prior Bank review shall not apply to the terms of reference for each such contract, assignments of a critical nature as reasonably determined by the Bank, amendments to contracts for the employment of consulting firms or amendments to contracts for the employment of individual consultants raising the contract value to \$ 50,000 equivalent or above.

SCHEDULE 4

Implementation Program

A. Main Provisions of the AGAIB-Savanes Convention and the AGAIB-Maritime Convention

1. Each Convention shall include, but without being limited to, provisions to the following effect:

(a) the amount allocated to Subprojects shall be used exclusively to finance Subprojects on a grant basis;

(b) no Subproject shall be considered for financing under the Project except in accordance with the eligibility criteria, and terms and conditions, set forth in an Operating Manual adopted by AGAIB-Savanes and AGAIB-Maritime, as the case may be, and approved by the Borrower and the Association;

(c) goods, works and services required for the purposes of carrying out Subprojects under Part A of the Project shall be procured in accordance with the procedures set forth in Schedule 3 to this Agreement and as detailed in the Operating Manual;

(d) any Grant in excess of the amounts specified in the Operating Manual shall be approved by the concerned Regional Screening Committee; and

(e) no Subproject shall be executed under Part A of the Project, unless a Financing Agreement has been concluded between the Implementing Agency and AGAIB-Savanes or AGAIB-Maritime, as the case may be, setting forth the respective obligations of the parties thereunder, including details of disbursement schedules and procurement procedures, and the amount of the relevant counterpart contribution.

2. The AGAIB-Maritime Convention shall include provisions specifying: (i) the amounts to be transferred by the Borrower to AGAIB-Maritime to cover the expenses related to the operation of Unité de Coordination Nationale in accordance with the provisions of this Agreement; and (ii) that AGAIB-Maritime shall be responsible for the financial management of such funds, including with respect to record-keeping in accordance with the provisions of this Agreement and the AGAIB-Maritime Project Agreement.

B. Overall Project Implementation

1. The Borrower shall ensure that: (i) its representatives on the respective Boards of AGAIB-Savanes and AGAIB-Maritime shall meet the qualifications requirements set forth in their respective statutes; and (ii) the Borrower's concerned Ministries and agencies shall collaborate with AGAIB-Savanes, AGAIB-Maritime and Unité de Coordination Nationale to assist them in the implementation of the Project and, in particular, in ensuring consistent application of the Borrower's sectoral policies.

2. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) not later than the end of the First Project Year, and not later than the end of each Project Year thereafter, undertake, in conjunction with the Association and AGAIB-Savanes and AGAIB-Maritime, a joint annual review on all matters relating to the progress of the Project and, in particular the progress achieved by the Borrower and AGAIB-Savanes and AGAIB-Maritime during the current fiscal year, having regard to the monitoring indicators referred to in subparagraph (a) of this paragraph;

(c) not later than one month prior to each annual review, furnish to the Association, for its comments, a report in such detail as the Association shall reasonably request, on the progress of the Project;

(d) following each annual review, act promptly and diligently in order to take, or assist AGAIB-Savanes and AGAIB-Maritime in taking, any corrective action deemed necessary to remedy any shortcoming identified in the implementation of the Project, or to implement, or assist AGAIB-Savanes and AGAIB-Maritime in implementing, such measures as may have been agreed upon between the parties in furtherance of the objectives of the Project; and

(e) promptly after the Effective Date, take all measures necessary on its part to organize, in conjunction with the Association and AGAIB-Savanes and AGAIB-Maritime, a workshop for the launching of the Project implementation which shall

cover, inter alia, disbursement and procurement procedures and detailed timetables for the implementation of the Project.

3. The Borrower shall cause AGAIB-Savanes and AGAIB-Maritime to establish the Unité de Coordination Nationale, a coordinating structure, acceptable to the Association, to ensure adequate coordination of the activities of AGAIB-Savanes and AGAIB-Maritime and assist them in liaising with donors and the ministries and agencies of the Borrower.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means, in the case of the AGAIB-Savanes Special Account, Categories 1(a), 2(a), 3(a), 4(a) and 5(a) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and in the case of the AGAIB-Maritime Special Account, Categories 1(b), 2(b), 3(b), 4(b) and 5(b) set forth in same;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods, works, and services required for the Project, as well as amounts paid or to be paid under Grants 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 to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3(a) of this Schedule, equivalent, in the case of AGAIB-Savanes Special Account to CFAF 100,000,000; and in the case of AGAIB-Maritime Special Account to CFAF 150,000,000; provided, however, that unless the Association shall otherwise agree, the Authorized Allocation for:

(i) AGAIB-Savanes Special Account shall be limited to an amount equivalent to CFAF 50,000,000 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 1,000,000;

(ii) AGAIB-Maritime Special Account shall be limited to an amount equivalent to 75,000,000 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 for the Project shall be equal to or exceed the equivalent of SDR 1,000,000.

2. Payments out of the respective 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 respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective 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 respective 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 respective Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposits into the respective 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 respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective 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 respective 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 the Special Accounts;

(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 for the respective 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 Parts of the Project related to that Special Account, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for that 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 the respective 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 respective 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 respective 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 the Special Accounts.

(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.

