

**CONFORMED COPY  
CREDIT NUMBER 3183 – SE**

**Agreement Providing for  
Amendment and Restatement  
of the Development Credit Agreement**

**(Second Transport Sector Project)**

**between**

**REPUBLIC OF SENEGAL**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated March 10, 2005**

**CREDIT NUMBER 3183 – SE**

**AGREEMENT PROVIDING FOR  
AMENDMENT AND RESTATEMENT OF  
THE DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated March 10, 2005, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS the Borrower and the Association have agreed to amend the Development Credit Agreement between the Borrower and the Association dated May 13, 1999 (hereinafter called the Development Credit Agreement) in the manner hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

**ARTICLE I**

Section 1.01. The Development Credit Agreement is hereby amended and restated so as to read as set forth in the Annex hereto.

Section 1.02. This Agreement shall become effective as of March 10, 2005 upon (a) signature by both parties; and (b) receipt by the Association an opinion or opinions, in form and substance satisfactory to the Association, of counsels acceptable to the Association, showing that the TRANSRAIL Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and TRANSRAIL, and is legally binding upon the Borrower and TRANSRAIL in accordance with its terms.

Section 1.03. It is to be noted, for the record, that Section 6.01 of the Development Credit Agreement was amended, for the sake of clarity and consistency, to eliminate additional conditions to effectiveness related to activities which were dropped from the Project.

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

REPUBLIC OF SENEGAL

By /s/ Abdoulaye Diop  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Madani M. Tall  
Authorized Representative

**ANNEX**

**To the Agreement  
providing for the  
amendment and  
Restatement of the  
Development Credit  
Agreement  
dated May 13, 1999**

**CREDIT NUMBER 3183-SE**

# **Amended and Restated Development Credit Agreement**

**(Second Transport Sector Project)**

**between**

**REPUBLIC OF SENEGAL**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated May 13, 1999**

**As amended and Restated on March 10, 2005**

**CREDIT NUMBER 3183-SE**

**DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated May 13, 1999, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter, dated January 13, 1999, from the Borrower describing a program of actions, objectives and policies designed to strengthen the Borrower's transport sector (the Program), and declaring the Borrower's commitment to the execution of the Program;

(B) the Borrower intends to obtain from the African Development Bank, the French Ministry of Cooperation, the Agence Française de Développement, the European Union, the Islamic Development Bank, the Western African Development Bank, the Nordic Development Fund, the OPEC Fund, the Kuwait Fund and the Saudi Fund (collectively Donors), loans and grants, as the case may be, in an aggregate amount approximately equivalent to three hundred and twenty eight million Dollars, during the period 1999-2004, to assist in financing the Program on the terms and conditions set forth in the respective loan and grant agreements (the Cofinancing Agreements) to be entered into between the Borrower and each of the Donors;

(C) Part E of the Project will be carried out by TRANSRAIL with the Borrower's assistance and, as part of such assistance, the Borrower will make available to TRANSRAIL part of the proceeds of the Credit as provided in this Agreement;

(D) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, which Project forms part of the Program, has requested the Association to assist in the financing of the Project; and

WHEREAS the Association has agreed on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

**ARTICLE I**

**General Conditions; Definitions**

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (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 and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “AANS/ASECNA” means Administration des Activités Aéronautiques du Sénégal, the Borrower's agency responsible for Air Navigation Safety operations in Senegal, under Article 10 of the Convention de Dakar, dated October 25, 1974;

(b) “AATR” means the Borrower's *Agence autonome des Travaux routiers* established and operating pursuant to *Décret* No 2000.686 du 3 août 2000, as amended by *Decret* No 2004.104 du 6 février 2004); “AIR SENEGAL Implementation Agreement” means the agreement to be entered into by the Borrower and AIR SENEGAL in accordance with the provisions of Section 3.01 (e) of this Agreement;

(c) “AIR SENEGAL » means the Société Nationale de Transport Aérien (SONATRA SENEGAL);

(d) “ASECNA Implementation Agreement” means the agreement to be entered into by the Borrower and ASECNA SENEGAL in accordance with the provisions of Section 3.01 (d) of this Agreement;

(e) “AWPB” means the annual work program and budget prepared by the Borrower for the purposes of the Project pursuant to paragraph 6 of Schedule 4 to this Agreement;

(f) “CARCHEM” means the Borrower’s Cellule d’Assistance à la Réinsertion des Cheminots established and operating under the laws of the Borrower.

(g) “CELCO” means the Project Coordination Unit, established by the Borrower under the Transport Sector Adjustment/Investment Credit (Credit No. 2266-SE);

(h) “DAC” means the Borrower's Department of Civil Aviation;

(i) “DMM” means the Borrower's Department of Marine;

(j) “DMN” the Borrower's Department of Meteorology;

(k) “DTP” means the Directorate of Public Works within METT;

(l) “DTT” means the Directorate of Land Transport within METT (as hereinafter defined);

(m) “EREEQ” means the Borrower's Center for Road Research and Quality Control;

(n) “ESI” means the environmental and social impact assessment, carried out by the Borrower in December 1998;

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

(p) “Fiscal Year” or “FY” mean the Borrower's fiscal year which start on January 1 and ends on December 31 of every calendar year;

(q) “Franc de la Communauté Financière Africaine” and “CFAF” mean the currency of the Borrower;

(r) “HAALSS” means the Borrower’s *Haute autorité de l’Aéroport international Léopold Sédar Senghor -Leopold Sedar* established and operating pursuant to *Décret* No 2001-743 du 1<sup>er</sup> octobre 2001;

(s) “Implementing Agency” means collectively MEF, MEM, MIETTTMI, PAD and TRANSRAIL (as hereinafter defined) and ASECNA;

(t) “Initial Deposit” means the deposit referred to in Section 3.05 (iii) of this Agreement;

(u) “LSS Airport” means the Leopold Sedar Senghor Airport at Dakar;

- (v) “MEF” means the Borrower's Ministry of Economy and Finance;
- (w) “MEM” means the Borrower's Ministry of Maritime Economy;
- (x) “MIETTTMI” means the Borrower's Ministry of Infrastructure, Equipment and Land Transport, and Inland Maritime Transport;
- (y) “MTTA” means the Borrower's Ministry of Tourism and Air Transport;
- (z) “Performance Indicators” means the indicators referred to in Schedule 6 to this Agreement;
- (aa) “Project Account” means the account referred to in Section 3.05 of this Agreement;
- (bb) “Project Execution Manual” means the manual to be adopted by the Borrower pursuant to Section 6.01 (d) of this Agreement containing, inter alia, work-plans, training plans, and procedures to be used for the purpose of implementation of the Project, as they may be amended from time to time with the approval of the Association and such term includes any schedules to the Project Execution Manual;
- (cc) “Project Management Report” means each report prepared in accordance with Section 4.02 of this Agreement;
- (dd) “Project Preparation Advance” means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated November 7, 1997 and November 25, 1997, and October 7, 1998 and October 22, 1998 respectively, between the Borrower and the Association;
- (ee) “RFARB” means the Road Fund Advisory and Review Board, established by the Borrower pursuant to the Borrower's arrêté interministériel, dated January 29, 1999;
- (ff) “Road Fund” means the fund established by the Borrower, and referred to in Part B of the Project;
- (gg) “Road Maintenance and Rehabilitation Program” or the acronym “RMRP” means the road maintenance and rehabilitation program prepared by the Borrower under Part D of the Project;
- (hh) “Road Works Agency” means the agency referred to in Section 6.01 (c) of this Agreement;
- (ii) “SETI” means the Société pour l'Exploitation du Trafic Ferroviaire International, a joint-stock company with majority held by private shareholders, to be created by the Borrower, to operate international rail transport services on the Dakar-Bamako corridor;



(jj) “SNCS” means the Société Nationale de Chemins de Fer du Sénégal, a société nationale, established under the laws of the Borrower; and

(kk) “SONAPAD” means the Société Nationale du Port Autonome de Dakar, a société nationale, established under the laws of Borrower;

(ll) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement;

(mm) “Technical Secretariat” means the technical secretariat of the RFARB referred to in paragraph 4 of Schedule 4 to this Agreement.

(nn) “TRANSRAIL Subsidiary Loan Agreement” means the agreement to be entered into between the Borrower and TRANSRAIL pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time; and

(oo) “TRANSRAIL” means the TRANSRAIL, a joint stock company established and operating under the laws of the Republic of Mali.

## **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 sixty-four million three hundred thousand Special Drawing Rights (SDR 64,300,000).

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 works, 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 the Project, open and maintain in CFA Francs a special deposit account in a commercial bank on terms and conditions satisfactory to the Association including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the 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 June 30, 2006, 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 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 September 15 and March 15 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 semi-annual installments payable on each September 15 and March 15 commencing September 15, 2009 and ending March 15, 2039. Each installment to and including the installment payable on March 15, 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.

### **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:

- (i) carry out Parts A, B, C, D, F, H, I and J of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, environmental, social and engineering practices and in accordance with such technical norms as shall be acceptable to the Association;
- (ii) cause TRANSRAIL to (A) carry out Part E of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, environmental, social and engineering practices and in accordance with such technical norms as shall be

acceptable to the Association; and (B) perform in accordance with the provisions of the TRANSRAIL Subsidiary Loan Agreement all the obligations of TRANSRAIL therein set forth, and shall not take or permit to be taken any action which would prevent or interfere with such performance; and

- (iii) shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources required for the Project.

(b) The Borrower shall make available to TRANSRAIL part of the proceeds of the Credit for Part E of the Project, under a subsidiary loan agreement to be entered into between the Borrower and TRANSRAIL, under terms and conditions which shall have been approved by the Association and which shall include that: (i) the proceeds of the Credit withdrawn from Categories 1 (b), 2 (a) and 3 (b) of the table in paragraph 1 of Schedule 1 be onlent with a repayment period of 20 years including a grace period of 4 years and an interest rate of 7.25% per annum; (ii) the proceeds withdrawn from Category 4 (a) be made available as a grant; (iii) the costs of fluctuations in the currencies on-lent to be borne equally by the Borrower and TRANSRAIL; (iv) TRANSRAIL shall at all times maintain a financial management system satisfactory to the Association; (v) except as the Association shall otherwise agree, procurement of goods, works and consultants services for Part E of the Project shall be governed by the provisions of Schedule 3 to this Agreement.

(c) The Borrower shall exercise its rights under the TRANSRAIL Subsidiary Loan Agreement 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 TRANSRAIL Subsidiary Loan Agreement, or any provision thereof.

(d) 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 carry out Parts A, B, C, D, F, H, I and J 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:

- (a) prepare, on the basis of guidelines acceptable to the Association and furnish to 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; 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, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part E of the Project shall be carried out by TRANSRAIL .

Section 3.05. Without limitation on the provisions of Section 3.01, the Borrower shall for the purpose of **Part D** of the Project: (i) open and maintain until the completion of the Project, an account (the Project Account) in a commercial bank acceptable to the Association and on terms and conditions acceptable to the Association; (ii) deposit into the Project Account an initial amount equivalent to FCFA 3 billion (the Initial Deposit); (iii) thereafter annually deposit into the Project Account an amount equivalent to the Initial Deposit or any other amount required for further implementation of **Part D** of the Project as agreed between the Borrower and the Association; and (iv) ensure that the amounts deposited into the Project Account shall be used exclusively for the purposes of defraying the cost of expenditures incurred for the execution of **Part D** of the Project, and not otherwise financed out of the proceeds of the Credit.

## 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 Account 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, 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 and 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 report 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.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of its financial management system for the Project in order to enable the Borrower, not later than December 31, 2000, or such later date as the Association shall agree, to prepare quarterly Project management reports, acceptable to the Association, each of which:

- (i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report; and
- (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of

the Credit during the six-month period following the period covered by said report;

- (ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report; and
- (B) explains variances between the actual and previously forecast implementation targets; and
- (iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Borrower shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

## **ARTICLE V**

### **Remedies of the Association**

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

(a) as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out;

(b) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; or

(B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:

(A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and

(B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (b) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (ii) of that Section.

## **ARTICLE VI**

### **Effective Date; Termination**

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

(a) the Borrower has opened the Project Account and deposited therein the amount of the Initial Deposit;

(b) the Borrower has established a financial accounting and management system acceptable to the Association, and has appointed, in accordance with the provisions of Section II of Schedule 3 to this Agreement, an auditor for purposes of Article 4 to this Agreement;

(c) the Borrower has furnished to the Association the draft report detailing the time table and action plan for the establishment of the Road Works Agency, in form and substance acceptable to the Association;

(d) the Borrower has adopted the Project Execution Manual, in form and substance acceptable to the Association; and

(e) the TRANSRAIL Subsidiary Loan Agreement have been executed on behalf of the Borrower and TRANSRAIL respectively.

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:



(b) that the TRANSRAIL Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and TRANSRAIL respectively and is legally binding upon the Borrower and TRANSRAIL in accordance with its terms.

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

## ARTICLE VII

### Representative of the Borrower; Addresses

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

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

For the Borrower:

Ministry of Economy, Finance and Planning  
B.P. 4017  
Rue René  
Dakar, Senegal

For the Association:

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

Cable address:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI) or  
64145 (MCI)

(202) 477-6391

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 SENEGAL

By

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

## 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:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil Works	34,091,000	100% of foreign expenditures and 85 % of local expenditures
(2) Goods and Equipment		100% of foreign expenditures and 85 % of local expenditures
(a) Under Part E of the Project		
(i) Part E 3	1,093,000	
(ii) Parts E.5 and E.6	5,140,000	
(iii) Other	1,898,000	
(3) Consultants' Services, Training and Audit		100%
(a) Under Part B	4,000	
(b) Under Part E	1,802,000	
(c) Other	10,732,000	
(4) (a) Severance Payments for redundant SNCS staff	5,670,000	100%
(5) Incremental Operating Costs	1,015,000	95%
(6) Refunding of Project Preparation Advance	1,400,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(7) Unallocated	1,455,000	

**TOTAL**                    **64,300,000**

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”;

(c) the term “incremental operating costs” means the incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, vehicle operation, office rental, utilities, travel and supervision costs but excluding salaries of officials of the Borrower’s civil service; and

(d) the term "severance payments" means payments made by AANS and TRANSRAIL, under Parts E.7, E.8 and F.7 of the Project, respectively, to their employees separated pursuant to the action plans, satisfactory to the Association, approved by the Borrower.

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; (b) in respect of payments made against Categories 1 through 5, unless the AWPB has been approved in accordance with, and subject to, the provisions paragraph 4 of Schedule 4 to this Agreement; and (c) in respect of payments made for expenditures for goods and services supplied under a contract which any national or international financing institution or agency other than the Association shall have financed or agreed to finance under any other credit or grant.

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 not exceeding \$200,000 equivalent; (ii) services of consulting firms under contracts not exceeding \$100,000 equivalent; and (iii) services of individual consultants under contracts not exceeding \$50,000 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 assist the Borrower to: (a) strengthen institutional capacity, financial viability and operational efficiency of the agencies of the transport sector; (b) encourage more direct private sector involvement in investment and management of the transport sector; (c) reduce poverty; (d) stabilize and improve the condition of its priority road network, reduce the long-run economic costs for road maintenance and rehabilitation in order to enhance economic competitiveness and attain sectoral financial sustainability; and (e) increase the number of district capitals with access to all-weather roads.

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: Land Transport Administration Modernization & Planning**

1. Provision of technical advisory services and logistical assistance for the reform and modernization of testing systems for driver's licenses, computerization of the Land Transport Directorate (DTT) and for road safety campaigns, studies and training of DTT staff.
2. Acquisition of goods and materials including technical documents, furniture for regional offices and equipment.
3. Physical improvements of DTT including construction and rehabilitation of the regional division of DTT, construction of tracks for road safety education, driving license testing and inspection yards.

#### **Part B: Sustainable and Transparent Financing of the Road Sub-sector**

1. Provision of technical advisory services to implement reform measures to improve the management of the Road Fund including: (a) the setting up of the Road Fund Advisory and Review Board (RFARB); (b) logistical assistance for the establishment and operation of a Technical Secretariat to support the RFARB; (c) preparation of detailed procedures for the operations of the RFARB and the Road Fund; (d) preparation of the annual road maintenance financing program, accounting and financial management and norms and standards for road works; and (e) audits and studies relating thereto.
2. Acquisition of office equipment, materials and two vehicles for the Technical Secretariat.

Part C:            Social and Environmental Sustainability

1. Provision of technical advisory services, training and studies to strengthen the Borrowers' capacity in environmental management in the transport sector.
2. Carrying out of civil works to support Environmental Social Impact (ESI) mitigation measures under the sub-projects in the roads, ports, railways and civil aviation sub-sectors.
3. Acquisition of equipment to support ESI mitigation measures under the Project.

Part D:            Road Maintenance, Rehabilitation, Construction

1. Provision of technical advisory services, logistical assistance for: (a) the expansion and updating of databases on state of road infrastructure; (b) organizational adjustment of the DTP; (c) creation and operations of an autonomous Road Works Agency; and (d) preparation and updating of the Borrower's three-year rolling Road Maintenance and Rehabilitation Program (RMRP).
2. Training of key personnel involved in the road sub-sector.
3. Provision of technical advisory services and logistical assistance for the restructuring CEREEQ and strengthening its normative role, and reform and restructuring of CFP, including setting-up of an accounting and financial management system.
4. Provision of technical advisory services, studies and training for mobilization of private participation in roads sub-sector financing.
5. Carrying out of studies in the area of road maintenance, and engineering and supervision of road works.
6. Carrying out of a program of periodic maintenance of about 200 km of paved roads, regravelling of about 600 km of earth roads, elimination of critical spots on about 1,000 km of earth roads, as well as, the rehabilitation of bridges.
7. Acquisition of equipment and material including office and didactic equipment and vehicles.
8. Provision of technical advisory services to carry out engineering and environmental impact assessment of a toll road in Dakar.

Part E:            Railways sub-sector

1. Acquisition of equipment, provision of technical advisory services and training for: (a) the privatization of the operation of international railway services on the Dakar-

Bamako corridor; and (b) the implementation of CARHEM restructuring and new strategy; and (c) operations, management and staff training for CARCHEM.

2. Provision of technical advisory services for the mobilization of private participation in railway projects designed to support mining development.

3. Provision of equipment and carrying out of works for track renewal of the Thiès/Tivaoune section, rehabilitation of the track between Dakar and Thiès and construction of a third track between Hann and Thiaroye.

4. Carrying out of studies, engineering and supervision related to works in the railway sub-sector.

5. Provision of goods and carrying out of works for track renewal of the Tambacounda-Kidira section, remodeling of the Kidira border station, track rehabilitation of the Thiès-Tambacounda section, safety fencing and pedestrian overpasses.

6. Acquisition of a radio-block system for the Thiès-Kidira section, improvement of signaling for Dakar-Thiès-Bel Air, acquisition of telecommunication equipment, in-motion weighing equipment and didactic equipment for the TRANSRAIL training centre.

7. Implementation of a program designed to facilitate the retrenchment of up to 314 SNCS staff declared redundant as a result of closure of the passenger rail lines Dakar/Saint-Louis and Guingueneo/Kaolack, including the provision of severance payments.

8. Implementation of a program designed to facilitate the retrenchment of up to 550 SNCS staff declared redundant as a result of the privatization of the operation by SETI of international railway services on the Dakar-Bamako corridor, and restructuring of SNCS, including the provision of severance payments.

Part F: Airports and Civil Aviation sub-sector

1. Provision of technical advisory services including studies for privatization of AIR SENEGAL, privatization of airports management, and reorganization of the DAC, including regulatory arrangements.

2. Provision of training for sub-sector staff.

3. Rehabilitation of offices of DAC and DMN.

4. Acquisition of office, didactic, computer and other equipment and office furniture for DAC and DMN.

5. Provision of logistical assistance and navigation and safety equipment for airports and handling equipment for LSS airport.

Part G:            Modernization and Development of the Port of Dakar

1.        Provision of materiel and naval equipment for the Port of Dakar, including inter alia, tug-boat and barge.

2.        Carrying out of studies, provision of technical advisory services and training for the PAD personnel.

Part H:            Modernization and Development of Maritime and River Transport

1.        Strengthening of sub-sectoral institutions including the Merchant Marine Department (DMM) and Ministry of Maritime Transport (MPTM) including provision of training and technical advisory services, and carrying out of technical studies.

2.        Provision of technical advisory services for updating of the Maritime Code.

3.        Provision of advisory services and training for mobilization of private participation in ports development and maritime transport including Dakar-Ziguinchor maritime route.

4.        Acquisition of office, didactic and logistical equipment and materials for DMM and for the Ecole Nationale de Formation Maritime.

5.        Expansion and rehabilitation works for Kaolack and Ziguinchor ports including improving access to the ports, docks and passengers terminals at Dakar and Ziguinchor.

Part I:            Rural Transport Sub-sector

1.        Provision of technical advisory services and studies for design of a rural transport strategy, preparation of a national rural transport project, and establishment of a rural transport coordination unit.

2.        Provision of training related to activities in paragraph 1 above.

3.        Acquisition of office and didactic equipment for activities in paragraph 1 above.

4.        Carrying out of priority and emergency program of rehabilitation, periodic maintenance, treatment of critical spots, and exceptionally, improvement of rural roads, in conformity with the Borrower's new strategy for rural transport.

5.        Studies, engineering and supervision related to civil works carried out under this Part I.

Part J:            Coordination



Provision by technical advisory services, equipment and logistical assistance for the coordination of the Project.

\* \* \*

The Project is expected to be completed by December 31, 2005.

## **SCHEDULE 3**

### **Procurement**

#### 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, September 1997 and January 1999, subject to the modifications 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" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

##### Part B: International Competitive Bidding

1. 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.

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

(a) Prequalification Bidders for contracts for works estimated to cost \$10,000,000 and above, shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines.

(b) Grouping of contracts To the extent practicable, contracts for goods and works shall be grouped in bid packages estimated to cost \$500,000 equivalent or more each.

(c) Preference for domestically manufactured goods and domestic contractors, the provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

(d) Dispute Review Board

Each contract for works estimated to cost \$50,000,000 equivalent or more shall include the provisions for a dispute review board set forth in the standard bidding documents for works referred to in paragraph 2.12 of the Guidelines.

(e) Notification and Advertising The invitation to prequalify or bid for each contract estimated to cost \$10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Works estimated to cost less than \$500,000 equivalent per contract, up to an aggregate amount not to exceed \$10,500,000 equivalent, and goods estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$1,050,000 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 \$2,300,000 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. Commercial Practices.

Items to be financed under the TRANSRAIL Subsidiary Loan Agreement for Part E of the Project, may be procured in accordance with commercial practices acceptable to the Bank.

4. Procurement of Small Works

Works estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$1,420,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

#### Part D: Review by the Association of Procurement Decisions

1. Procurement Planning Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for 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 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 each contract for works and goods estimated to cost the equivalent of \$500,000 and \$150,000 respectively, 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 and January 1999, (the Consultant Guidelines), subject to the modifications thereto set forth in paragraph 2 of this Part A, and (b) the provisions of the following Parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the reference 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

1. 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.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The

short list of consultants for services, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for audits of standard nature, 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 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications.

Services 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 tasks that meet the requirements set forth in paragraph 5.01 of the Consultant Guidelines 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.

Part D: Review by the Association 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 estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 and (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 estimated to cost the equivalent of \$100,000 or more, but less than the equivalent of

\$200,000, and all contracts for financial audits, 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, 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 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

## **SCHEDULE 4**

### **Implementation Program**

1. The Borrower shall cause the Implementing Agencies to implement the Project in accordance with the Project Execution Manual, and except as the Association shall otherwise agree, the Borrower shall not amend, abrogate or waive any provision thereof if, in the opinion of the Association, such amendment, abrogation or waiver may materially and adversely affect the implementation of the Project. Coordination and Management
  
2. MEF will, in collaboration with MEM, MIETTTMI, and AATR, provide oversight and guidance for the program. MEF shall coordinate the Project through a Project Coordination Unit (CELCO). Implementation will be based on an Annual Work Program and Budget (AWPB) prepared by each Implementing Agency with the assistance of CELCO.
  
3. CELCO shall, inter alia:
  - (a) coordinate between the Borrower, beneficiary entities, and Donors, and keep them apprised of all important matters related to the Project;
  
  - (b) provide full support and assistance to Project beneficiary entities in resolving problems related to the execution of the Project;
  
  - (c) coordinate the preparation of the AWPB and monitor its execution, including the monitoring of allocation of Donors and the Borrower's contribution, and, where applicable, contribution from other private sources of various implementation entities;
  
  - (d) coordinate the preparation of AWPB by each implementation entity, aggregate them into consolidated AWPB and secure its approval by the MEFP in consultation with the Association, and monitor the execution of work programs under the Project;
  
  - (e) prepare and circulate detailed progress reports on the implementation of the Project; and
  
  - (f) provide overall project administrative and financial management and reporting, including arrangements for audits, in accordance with procedures acceptable to the Association.

#### Road Fund Advisory and Review Board

4. The Road Fund Advisory and Review Board (RFARB) shall comprise representatives from both the private and public sectors. RFARB shall review the functions and mode of operation of the Road Fund, advise the Borrower's Ministers of Economy, Finance and Planning, and Equipment Land Transport, and ensure that the Road Fund operates along well defined technical, accounting and financial management procedures. RFARB shall maintain, until the completion of the Project or such time as the Borrower and the Association shall agree upon, a separate secretariat with technical staff with specific expertise in financial and accounting management, road works and procurement.

#### Annual Review

5. The Borrower shall:

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

(b) not later than May 31 each year, commencing May 31, 2000, undertake, in conjunction with the Association, a joint annual review on all matters relating to the progress of the Project and, in particular the progress achieved in the implementation of the Project during the previous Fiscal Year, having regard to the Performance Indicators; and

(c) furnish to the Association:

(i) **not later than October 31 of each year, an annual plan for road maintenance, in form and substance acceptable to the Association;**

(ii) semiannual financial statements indicating all revenues and expenditures for the transport sector, according to the source of funds, the budget items; and

(iii) not later than one month prior to the annual review referred to in paragraph (b) above, or such later date as the Association may agree, a report, in such detail as the Association shall reasonably request, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in carrying out the Program during the previous Fiscal Year and setting out the measures proposed to ensure the efficient carrying out of the Program and the achievement of the objectives thereof during the period



following such date, and the report of actual expenditures against the budget for the previous Fiscal Year.

Annual Work Programs and Budgets

6. The Borrower shall:

(a) not later than one month prior to the annual review referred to in paragraph 5 (b) above, or such later date as the Association may agree, furnish to the Association for its approval the proposed AWPB for the following Fiscal Year, prepared in a manner satisfactory to the Association;

(b) carry out, or cause to be carried out, each such AWPB in accordance with modalities and procedures as approved by, and in a manner satisfactory to the Association and in accordance with the Project Execution Manual; and

(c) not make any material change to the approved AWPB without the prior approval of the Association.

7. The Borrower shall furnish to the Association: (a) a semi-annual progress report including information on agreed upon Performance Indicators based on data from the monitoring system. The report shall include, inter alia, (a) a summary statement on the status of execution of each project activity; and (b) a table showing compliance with project covenants and progress in implementing agreed policy objectives.

Mid-term review

8. The Borrower shall:

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

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about January 31, 2002, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by June 30, 2002 or such later date as the Association shall request, the report referred to in subparagraph (b) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of the

Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association views on the matter.

## **SCHEDULE 5**

### **Special Account**

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project, and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Category in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to CFAF 2,500,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to CFAF 1,250,000,000 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 6,000,000.

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

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for 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 Special Account such amount or amounts as the Borrower shall have requested.

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

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

such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

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

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

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; 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 the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

(d) Refunds to the Association made pursuant to paragraph 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.

## SCHEDULE 6

### Performance Indicators

#### **1. Development objective : strengthen institutional capacity, financial viability and operational efficiency of the agencies of the transport sector**

- output : creation of an autonomous Civil Aviation Authority and an autonomous authority for the management of airport security at the Dakar airport; creation of an autonomous Road Agency responsible for management of maintenance of the classified road network, and production of data on road safety accidents every year, starting in 2002;.

- outcome : 100 percent of invoices for road maintenance works paid in less than 30 days from the Road Fund account managed by the Road Agency; 100 percent of contracts awarded in less than 30 days for contracts below CFAF 1 billion and less than 45 days for contracts above CFAF 1 billion; three-year road maintenance program submitted to Road Council before October 31 every year starting from FY 2002; technical and financial audits of road maintenance program submitted to Road Council before June 30 every year; The annual budget for road maintenance is 12 billion CFA minimum.

- impact : The Road Laboratory is accredited to ISO standards.

#### **2. Development objective: encourage more direct private sector involvement in investment and management of the transport sector**

- output : a private operator is granted a concession for the operation of railway services; maritime services between Dakar and Ziguinchor are operated by a private operator; creation of a Road Council with representatives from road users to supervise the Road Agency; Road Laboratory is privatized.

- outcome : railway traffic growth is positive starting in 2003 after several years of negative trend.

A concession agreement is signed between the government and a private operator for Dakar-Ziguinchor maritime services.

#### **3. Development objective : stabilize and improve the condition of its priority road network, reduce the long-run economic costs for road maintenance and rehabilitation in order to enhance economic competitiveness and attain sectoral financial sustainability**

- outcome: the condition of classified roads is upgraded from poor or very poor to good or average as follows : earth roads : 548 km in 2002 and 1000 km in 2003 and 2004; paved roads : 100 km in 2002 and 300 km in 2003 and 2004.

- outputs: 200 km of periodic maintenance executed on paved roads; 600 km of periodic maintenance executed on earth roads; 1000 km of treatment of hot spots executed

- impact: increase the number of contracts awarded to SMEs

**4. Development objective: increase the number of district capitals with access to all-weather roads**

- Output:

- Adoption of a rural transport strategy.

- Outcome:

- 50 rural communities have access to the main road network through all-weather roads.

**5. Development objective: reduce poverty**

- Output

- Adoption and implementation of the plan of action to fight against HIV/AIDS

- including a campaign of awareness in formal and informal transport sectors

- Outcome

- Reduction of the number of accident in the most dangerous streets and roads of Dakar Metropolitan area from 368 per year to 150.