

CONFORMED COPY

CREDIT NUMBER 2703 CM

Development Credit Agreement

(Transport Sector Technical Assistance Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 29, 1995

CREDIT NUMBER 2703 CM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 29, 1995, between REPUBLIC OF CAMEROON (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) by agreement dated March 23, 1995 (the FAC Grant Agreement), the Minister of Cooperation of the French Republic through the Fonds d'Aide et de Cooperation has agreed to make a grant (the FAC Grant) to the Borrower in an approximate aggregate principal amount equivalent to \$1,400,000 to assist in financing parts of the Project on the terms and conditions set forth in the FAC Grant Agreement;

(C) by agreement dated April 9, 1994 (the EU Grant Agreement), the European Union (EU) has agreed to make a grant (the EU Grant) to the Borrower in an approximate aggregate principal amount equivalent to \$ 6,800,000 to assist in financing parts of the Project on the terms and conditions set forth in the EU Grant Agreement;

(D) by agreement dated November 3, 1994 (the BMZ Grant Agreement), Bundesministerium fur Zusammenarbeit (BMZ) has agreed to make a grant (the BMZ Grant) to the Borrower in an approximate aggregate principal amount equivalent to \$500,000 to assist in financing parts of the Project on the terms and conditions set forth in the BMZ Grant Agreement;

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

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

- (a) "MINEFI" means the Ministry of the Borrower responsible for economy and finance;
- (b) "MINT" means the Ministry of the Borrower responsible for transport;
- (c) "MINTP" means the Ministry of the Borrower responsible for public works;
- (d) "CTS" means the Comite Technique de Suivi des Programmes Economiques within MINEFI comprising representatives of the Borrower's ministries concerned with the execution of adjustment reforms and programs;
- (e) "Transport Interministerial Coordination Unit" means the unit established by the Borrower, under the umbrella of the CTS, to assist MINT and MINTP in the preparation and execution of the Transport Sector Reform Program;
- (f) "Transport Sector Reform Program" means the comprehensive midterm reform program which the Borrower is formulating and intends to execute over a three-year period in the transport sector in order to enable said sector to resume its contribution to economic development;
- (g) "Project Implementation Plan" means the guidelines for Project implementation, including, inter alia, monitoring indicators, sample bidding documents and terms of reference for consulting services, as referred to in Section 6.01 (b) of this Agreement;
- (h) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;
- (i) "Project Preparation Advance" means the project preparation advances granted by the Bank and the Association to the Borrower pursuant to an exchange of letters dated March 19, 1990, October 19, 1990, September 28, 1993, September 30, 1993, April 21, 1994 and April 26, 1994 between the Borrower and the Bank and the Association; and
- (j) "CFA Franc" or "CFAF" means Franc de la Communauté Financière en Afrique Centrale, the currency of the Borrower.

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 six million nine hundred thousand Special Drawing Rights (SDR 6,900,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFAF a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or 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 the Bank and 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, 1998 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or 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 March 15 and September 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each March 15 and September 15 commencing September 15, 2005 and ending March 15, 2035. Each installment to and including the installment payable on March 15, 2015 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify

the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MINEFI, MINT and MINTP, under the overall coordination of the CTS, with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices and with due regard to environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Project Implementation Plan and 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 and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

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

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the continued achievement of the Project's objectives;

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

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

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, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

(c) Without any limitation to the provisions of paragraph (b) of this Section, the Borrower shall:

(i) have the records and accounts for the Special Account audited in accordance with said paragraph (b) every four months during the first twelve months after the Effective Date and every six months during the second twelve months after the Effective Date; and

(ii) furnish to the Association, not later than two months after the end of the period audited, a certified copy of the report of any such audit.

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

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

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

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

(iv) ensure that such records and accounts are included in the audits referred to in paragraphs (b) and (c) of this Section and that the report of any such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year (or such other period referred to in paragraph (c) of this Section), together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely, that:

(a) Subject to paragraph (b) of this paragraph:

(i) 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

(ii) any such loan shall have become due and payable prior to the

agreed maturity thereof.

(b) Paragraph (a) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:

(i) 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

(ii) 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 (d) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (a) (ii) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) of that Section.

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 Borrower shall have entered into a multi-year contract with an auditing firm employed in accordance with the provisions of Section II of Schedule 3 to this Agreement; and

(b) the Borrower shall have furnished to the Association the Project Implementation Plan satisfactory to the Association.

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

ARTICLE VII

Representative of the Borrower; Addresses

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

Ministry of Economy and Finance
Yaounde
Republic of Cameroon

Cable address:

MINEFI
Yaounde

Telex:

8260 KN

With copy to:

Caisse Autonome d'Amortissement
Yaounde
Republic of Cameroon

Telex:

8858 KN

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

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

REPUBLIC OF CAMEROON

By/ s/ Jerome Mendouga

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox

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) Goods	140,000	100% of foreign expenditures and 75% of local expenditures

(2) Consultants' services and studies for:		100%
(a) Support to institutional development	1,880,000	
(b) Institutional development studies	70,000	
(c) Policy support	70,000	
(d) Project implementation and preparation	2,210,000	
(3) Training and seminars	540,000	100%
(4) Operating costs	210,000	100%
(5) Refunding of Project Preparation Advance	1,410,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(6) Unallocated	370,000	
	6,900,000	
TOTAL	6,900,000	

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 mission travel and subsistence allowances for local staff, salaries of local staff employed on a contractual basis, operation and maintenance of vehicles and equipment, and office supplies, all related to the Project.

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

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods and services 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 in the preparation of its Transport Sector Reform Program.

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: Institutional Development

1. Support to the following activities:

(a) Civil Aviation: preparation of the privatization of the national airline (CAMAIR), including the provision of financial and legal advisors' services.

(b) Railroad: preparation of a concession agreement for the operation of rail services, presently operated by REGIFERCAM.

(c) Urban Transport: preparation of the liquidation of the urban bus company (SOTUC), including the provision of services of a liquidator and technical assistance to the monitoring committee.

(d) Maritime Transport: (i) preparation of the privatization/liquidation of the national shipping line (CAMSHIP) and the national freight forwarder and road transport enterprise (CAMTAINER), including the provision of financial and legal advisors' services; and (ii) preparation of CNCC restructuring.

(e) Road Maintenance: (i) preparation of the progressive State retrenchment from road maintenance execution; (ii) coordination of road maintenance activities; and (iii) support to the rural roads maintenance organization and financing.

(f) Port: preparation of the reorganization of the port authority concerning its operational and financial management.

(g) Transit Facilitation: preparation of the establishment of the TIPAC customs duty guarantee system.

(h) Ministry of Economy and Finance: strengthening the services in charge of privatization in the Ministry.

(i) Strengthening the technical capabilities of the Transport Interministerial Coordination Unit.

2. Carrying out studies:

(a) Review of the role and organization of MINT aiming at strengthening its planning, regulatory and policy preparation capability.

(b) Review of the role and organization of MINTP with a focus on planning, programming, managing and supervising road maintenance works.

(c) (i) Establishment of a road maintenance fund; and (ii) harmonization and simplification of the road taxation system.

(d) (i) Review of urban transport institutions; and (ii) preparation of a plan of actions for road safety.

(e) Port dredging reorganization.

(f) Assessment of the capability of local consultants in transport and public works.

(g) Reduction of transport costs at Douala port.

(h) (i) Preliminary analysis of operational and financial management of CAMAIR; (ii) preparation of the privatization of airports; and (iii) evaluation of CAMAIR personnel.

(i) Rehabilitation of LABOGENIE and MATGENIE.

Part B: Policy Support

Support to privatization/liberalization, including an update of the regulatory framework, for:

- (a) urban transport;
- (b) air transport;
- (c) maritime transport; and
- (d) the transit sector of international trade.

Part C: Support to Project Preparation and Implementation

(a) Carrying out: (i) financial audits for the following public enterprises: CAMAIR, REGIFERCAM, SOTUC, CAMSHIP and CAMTAINER; and (ii) a study of legal obligations of said enterprises towards their creditors.

(b) Road Maintenance: (i) carrying out pluri-annual programming studies for earth and paved roads maintenance; (ii) preparation of a mitigation plan to address environmental issues in road maintenance; (iii) implementation of a road data bank; (iv) monitoring of bridges condition; (v) coordination of all externally-financed road maintenance activities; (vi) creation of a road documentation unit; and (vii) carrying out engineering studies for a priority road maintenance program.

(c) Port: (i) carrying out a study on the location of the dry dock; (ii) engineering design for the rehabilitation of the dredger; and (iii) analysis of dredging materials.

(d) Transit Facilitation: (i) support to the improvement of the computerized system for customs declaration and the relocation of said system; and (ii) carrying out a study to define insurance organization for the TIPAC regional customs duty guarantee system.

(e) Rail Transport: carrying out: (i) a feasibility study for track rehabilitation; (ii) a feasibility study on a program of telecommunications; and (iii) a study on access roads to the railway stations.

(f) Road Transport: (i) on-going computerization of vehicle certification; and (ii) monitoring of trucks load for protecting road assets.

(g) Strengthening the administrative and financial management capabilities of the Transport Interministerial Coordination Unit.

(h) Carrying out a program of training and seminars related to: (i) road maintenance, transport management and to the implementation of the TIPAC customs duty guarantee system; and (ii) MINT and MINTP young professionals.

* * *

The Project is expected to be completed by December 31, 1997.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: Bidding

Items or groups of items for goods estimated to cost the equivalent of \$80,000 or less per contract, up to an aggregate amount equivalent to \$210,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally in accordance with procedures satisfactory to the Association consistent with the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the

Bank in May 1992 (the Guidelines), including the following:

- (a) all bids shall be opened in public, allowing bidders or their representatives to attend;
- (b) precise quantitative and monetary criteria shall be used in bid evaluation;
- (c) there shall be no negotiation between bid opening and contract award; and
- (d) contracts shall be awarded to the lowest evaluated responsive bidder.

Part B: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

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

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

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

Section II. Employment of Consultants

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

2. Without limitation upon the provisions of paragraph 1 of this Section, the Borrower shall ensure that:

- (a) short lists shall include at least three consulting firms or individual consultants, but no more than six, with no more than two from the same country;
- (b) neither a bid security nor any other guaranty of similar nature shall be requested; and
- (c) quality shall be the main criterion for selection.

SCHEDULE 4

Implementation Program

1. In addition to its role of supervision of economic programs, MINEFI shall be responsible under the Project for activities related to privatization and liquidation of public enterprises. MINT and MINTP shall be responsible for Project activities related respectively to transport and public works. The Transport Interministerial Coordination Unit shall continue to assist MINT and MINTP in the preparation and execution of reforms in the transport sector and shall have overall responsibility under the supervision of MINEFI for Project administration and bookkeeping. The head of said Unit shall have qualifications and experience satisfactory to the Association.
2. The Borrower shall ensure that all its departments or agencies responsible for carrying out the Project or any part thereof shall comply with the procedures included in the Project Implementation Plan.
3. Prior to the starting of major assignments by consultants employed in accordance with the provisions of Section II of Schedule 3 to this Agreement, the Borrower shall designate local counterparts to said consultants, under terms of reference and with qualifications satisfactory to the Association.
4. (a) The Borrower shall:
 - (i) not later than November 30, 1996, carry out jointly with the Association a midterm review to assess the progress made in the execution of the Project and promptly thereafter implement the recommendations of said midterm review as they shall have been agreed upon with the Association; and
 - (ii) three months prior to such review, furnish a report to the Association covering progress in all aspects to be received during the midterm review.
- (b) The midterm review shall cover, inter alia: (i) progress in meeting Project's objectives; (ii) overall Project performance against established and agreed key performance indicators; (iii) progress in implementing study recommendations; and (iv) the performance of the consultants under the Project.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:
 - (a) the term "eligible Categories" means Categories (1), (2), (3) and (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
 - (b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
 - (c) the term "Authorized Allocation" means an amount equivalent to CFAF 130,000,000 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 65,000,000 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 1,900,000.
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) and (c) (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.

