

CONFORMED COPY

CREDIT NUMBER 2338 BEN

(Urban Rehabilitation and Management Project)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 11, 1992

CREDIT NUMBER 2338 BEN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 11, 1992, between REPUBLIC OF BENIN (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

WHEREAS the Borrower intends to obtain from the Government of France, through the Fonds d'Aide et de Cooperation (FAC) a non-reimbursable contribution in an amount equivalent to one million three hundred thousand dollars (\$1,300,000), to assist in financing the Project;

WHEREAS the Borrower intends to obtain from the United Nations Development Program (UNDP) a non-reimbursable contribution, in an amount of four hundred and fifty thousand dollars (\$450,000), to assist in financing 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, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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

(a) "AGETUR" means Agence d'Execution des Travaux Urbains, a non-profit association established by the Borrower's Letter No. 1087/MISPAT/DC/DAI/SI dated October 18, 1990 and whose members include the Borrower;

(b) "SERHAU-SEM" means Societe d'Etudes regionales d'Habitat et d'Amenagement Urbain, a societe d'economie mixte, to be established pursuant to Section 6.01 of this Agreement;

(c) "Subsidiary Agreement" means any of the agreements to be entered into by the Borrower and AGETUR, and by the Borrower and SERHAU-SEM in accordance with Section 3.01 (b) of this Agreement;

(d) "CIS-PRGU" means the Comite Interministeriel de Suivi du Projet de Rehabilitation et de Gestion Urbaines, established by decree of the Borrower;

(e) "AMSM" means Association Medico-Sociale de Menontin, an association established by the Borrower's Letter No. 1289/MISAT/DC/DAI/SI dated September 19, 1991;

(f) "Menontin Agreement" means the agreement entered into by the Borrower and the AMSM for the operation and maintenance of the health center to be constructed under Part B.2 of the Project;

(g) "Cotonou CU" means the Circonscription Urbaine of the City of Cotonou, the municipal authority of such city and "Porto-Novo CU" means the Circonscription Urbaine of the City of Porto-Novo, the municipal authority of such city, both established by the Borrower's Decree No. 90-309 dated October 27, 1990;

(h) "PNCU Agreement" means the agreement entered into between SERHAU-SEM and the Porto-Novo CU setting out their respective responsibilities for the execution of Part E of the Project;

(i) "Cellules Techniques" means the units set by the Borrower, in the CUs of Cotonou and Porto Novo, for the planning and the follow-up of the urban services contracts;

(j) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated September 20, 1990 and October 15, 1990 between the Borrower and the Association; and

(k) "Special Account 'A' and "Special Account 'B' mean the accounts referred to in Section 2.02 (b) of this Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to sixteen million seven hundred Special Drawing Rights (SDR 16,700,000).

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 shall, for the purposes of the Project and through each Subsidiary Agreement, cause AGETUR and SERHAU-SEM to each SERHAU-SEM open and maintain in CFA Francs a special account (Special Account A and Special Account B, respectively) in a commercial bank acceptable to the Association on terms and

conditions satisfactory to the Association. Deposits into, and payments out of, each Special Account shall be made in accordance with the provisions of Schedule 4 and Schedule 5, respectively, 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 cancelled.

Section 2.03. The Closing Date shall be December 31, 1997 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

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

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

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on January 1 and July 1 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 semi-annual installments payable on each January 1 and July 1 commencing July 1, 2002 and ending January 1, 2032. Each installment to and including the installment payable on January 1, 2012 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, without any limitation or restriction upon any of its other obligations under this Agreement, shall: (i) cause AGETUR and SERHAU-SEM to perform in accordance with the provisions of the relevant Subsidiary Agreement and, in the case of SERHAU-SEM, in accordance with the PNCU Agreement, all the respective obligations of AGETUR and SERHAU-SEM therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable AGETUR and SERHAU-SEM to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance; (ii) cause the Cotonou CU and the Porto-Novvo CU to provide the funds, facilities, services and other resources agreed upon between the Borrower and the Association to be the contribution of the said CUs towards the execution of Part D.4 of the Project, and to this end, cause the Cotonou CU and the Porto-Novvo CU to deposit into project accounts on terms acceptable to the Association the amounts agreed upon between the Borrower and the Association, as set forth in Schedule 6 to this Agreement, as the contribution of said CUs towards the financing of the said part of the Project; and (iii) for the purposes of Part B of the Project, cause the AMSM to perform in accordance with the provisions of the Menontin Agreement all the obligations of AMSM therein set forth shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable AMSM to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) For the purpose of carrying out the Project, the Borrower shall enter into an agreement or agreements with each of AGETUR and SERHAU-SEM (the Subsidiary Agreement) on terms and conditions satisfactory to the Association which shall include, inter alia:

- (i) delegation of authority for all procurement actions and for award and signature of contracts, as well as for signature and presentation of disbursement requests to the Association;
- (ii) provision for the transfer of the proceeds of the Credit on a non-reimbursable basis: (A) for purposes of financing the activities to be carried out under the Project; and (B) in the case of AGETUR, for the operating costs and equipment of AGETUR, including the obligation of AGETUR to return all of its equipment to the Borrower upon completion of the Project or the day before its dissolution in accordance with the statutes of AGETUR, whatever happens first;
- (iii) the obligation of AGETUR and SERHAU-SEM to take all measures necessary to ensure that the Project is carried out with due diligence and efficiency and in accordance with appropriate administrative, technical and financial practices;
- (iv) the obligation of AGETUR and SERHAU-SEM to keep key positions filled with employees with adequate experience and qualifications;
- (v) the obligation of AGETUR and SERHAU-SEM to promptly inform the Borrower and the Association of any condition which interferes, or threatens to interfere, with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by AGETUR and SERHAU-SEM of its obligations under the respective Subsidiary Agreement; and
- (vi) the obligation of AGETUR and SERHAU-SEM to provide quarterly and annual reports of such scope and in such detail as the Borrower or the Association shall reasonably request.

(c) The Borrower shall exercise its rights under each Subsidiary Agreement, and shall cause SERHAU-SEM to exercise its rights under the PNCU 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 either Subsidiary Agreement or any provision thereof and shall ensure that SERHAU-SEM shall not assign,

amend, abrogate or waive the PNCU Agreement or any provision thereof.

Section 3.02. The Borrower shall, for the purposes of overall Project coordination, maintain the CIS-PRGUX with composition and functions acceptable to the Association for the duration of the Project.

Section 3.03. 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 3.04. The Borrower and the Association shall, not later than December 31, 1993 undertake a comprehensive mid-term review of the Project.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall cause AGETUR and SERHAU-SEM to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations and financial condition of AGETUR and SERHAU-SEM.

(b) The Borrower shall cause each of AGETUR and SERHAU-SEM to:

(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Accounts A and B, 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 three months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

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

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

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

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

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

ARTICLE V

Other Covenants

Section 5.01. The Borrower shall cause each of AGETUR and SERHAU-SEM:

(a) to take out and maintain with responsible insurers or to make other provision satisfactory to the Association for insurance against such risks and in such

amounts as shall be consistent with appropriate practice;

(b) to carry on its operations and conduct its affairs in accordance with sound administrative and financial practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and

(c) at all times to operate and to maintain its plants, machinery, equipment and other property and, from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and administrative practices.

ARTICLE VI

Remedies of the Association

Section 6.01. Pursuant to Section 6.02 (h) 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, a situation shall have arisen which shall make it improbable that either AGETUR or SERHAU-SEM will be able to perform its obligations under the Subsidiary Agreement;

(b) the Statutes of either AGETUR or SERHAU-SEM shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of AGETUR or SERHAU-SEM to perform any of its obligations under the Subsidiary Agreement;

(c) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of either AGETUR or SERHAU-SEM, or for the suspension of its operations;

(d) the Borrower or either AGETUR or SERHAU-SEM shall have failed to perform any of their respective obligations under the Subsidiary Agreement; and

(e) either Subsidiary Agreement shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the Project or the performance of AGETUR or SERHAU-SEM of its obligations under the Subsidiary Agreement.

Section 6.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (d) of Section 6.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and

(b) any event specified in paragraphs (b), (c) or (e) of Section 6.01 of this Agreement shall occur.

ARTICLE VII

Effective Date; Termination

Section 7.01. 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) SERHAU-SEM has been constituted in accordance with the prevailing legislation of the Republic of Benin;

(b) the Borrower has complied with Section 3.01 (b) of this Agreement;

(c) AGETUR and SERHAU-SEM have appointed Directors acceptable to the Association under terms and conditions satisfactory to the Association; and

(d) the Borrower has made available to the Cotonou CU and the Porto-Novo CU staff with qualifications and experience acceptable to the Association in numbers satisfactory to the Association to work in the Cellulles Techniques to be established under Part D.1 of the Project.

Section 7.02. 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 VIII

Representatives of the Borrower; Addresses

Section 8.01. The Minister in charge of finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Le Ministcre des Finances
B.P. 302
Cotonou, Benin

Telex:

MINIFIN

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

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

THE REPUBLIC OF BENIN

By /s/ Candide Ahouansou

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Michael J. Gillette

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Amount of the Credit Allocated (Expressed in	% of Expenditures
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Category	SDR Equivalent)	to be Financed
(1) Works		
(a) Civil works	10,490,000	85%
(b) Health Center Construction	430,000	100%
(2) Equipment		
(a) AGETUR	90,000	100%
(b) SERHAU-SEM	400,000	100%
(3) Operating Costs		
(a) AGETUR	1,100,000	100%
(b) SERHAU-SEM	460,000	100%
(4) Consultants services		
(a) AGETUR	740,000	100%
(b) SERHAU-SEM	1,590,000	100%
(5) Refunding of Project Preparation Advance	220,000	Amount due pursuant to Section 2.02 () of this Agreement
(6) Unallocated	1,180,000	
TOTAL	16,700,000	

2. For the purposes of this Schedule, the term "operating costs" includes: (i) for AGETUR and SERHAU-SEM, incremental expenditures in respect of items such as salaries, office supplies, vehicles and building maintenance as shall be detailed in specific agreements to be signed between the Borrower and each of AGETUR and SERHAU-SEM after prior approval by the Association; and (ii) for the Cellules Techniques, office supplies.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; (b) as from the second year of the implementation of the Project, payments made for expenditures under Category 1 (a), until the Association has received satisfactory evidence attesting that, pursuant to Schedule 6 of this Agreement, the Cotonou and Porto Novo CUs have: (i) paid their contributions under Part D of the Project for the current year; and (ii) made budgetary provisions for their contribution for the following year.

SCHEDULE 2

Description of the Project

The Project's immediate objectives are to support ongoing Borrower programs in infrastructure rehabilitation in the country's two largest cities (Cotonou and Porto-Novo), following approaches which optimize the impact of public works on employment and income of the urban poor, promote the development of local and medium-sized private enterprises, and involve residents in the decision-making process. The Project's longer term objectives are to support the preparation of a public investment strategy in the urban sector and to lay the groundwork for reforms which are necessary to improve the management of urban development in Benin.

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: Urban Infrastructure Rehabilitation

Rehabilitation, including repaving, of roads and clearing of open rain water

collector drains in Cotonou, Porto Novo and Godomey.

Part B: Community-based Environmental Sanitation Improvements in Menontin

1. Carrying out infrastructure improvements such as street and storm drainage rehabilitation.
2. Construction of a health center.
3. Sanitation improvements such as solid waste disposal and open drains cleaning with the participation of the beneficiaries.
4. Community development activities.

Part C: Management of Urban Growth

1. Carrying out all necessary land surveys, property investigations, public hearings and detailed engineering studies for an orderly land development in Godomey-South.
2. Carrying out infrastructure works in Godomey-South such as construction and/or realignment of roads, construction and rehabilitation of open drains, construction of a dump site for collection of household waste.
3. Preparation of urban planning documents and structure plans covering growth areas of Cotonou and Porto-Novo.

Part D: Urban Services Management

1. Establishment of Cellules Techniques to program and follow-up the execution of contracts on urban services in Cotonou and Porto Novo, respectively.
2. Provision of technical assistance to the Cellules Techniques to assist in work programming and follow-up of private sector contracts for urban road and drain maintenance and waste collection.
3. Carrying out an institutional study to recommend arrangements for an overall reorganization of urban services in the cities of Cotonou and Porto-Novo.
4. Integrated improvements in sanitation services such as drain cleaning and urban roads maintenance, solid waste collection in Cotonou and Port-Novo.

Part E: Local Fiscal Resource Mobilization

Increase the Porto-Novo CU's fiscal resource mobilization through the introduction of a set of actions at central and local levels, including:

1. Identification of tax payers, database creation, improvement and updating.
2. Fiscal mapping.

Part F: Urban Management Capacity Building

1. Training of urban management staff involved in project implementation, including staff of Cellules Techniques, CUs of Cotonou and Port Novo, and the fiscal administration as well as the social workers involved in the area of Menontin.
2. Preparation of teaching materials.
3. Activities related to the preparation and implementation of a national training strategy for urban management.

Part G: Urban Sector Strategy

1. Studies and consultancy services necessary for the formulation of an urban strategy and for the preparation of urban and municipal sector reforms.
2. Policy seminars to facilitate their implementation.

* * *

The Project is expected to be completed by June 30, 1997.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. Bidders for works shall be prequalified as provided in paragraph 2.10 of the Guidelines.

3. To the extent practicable, contracts shall be grouped into bid packages estimated to cost the equivalent of \$250,000 or more.

4. Goods shall be exempted from pre-shipment price inspection by a third-party inspection firm.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in the Republic of Benin may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Contracts for goods and works estimated to cost less than \$250,000 equivalent, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Contracts for procurement of items under Category (3) of paragraph 1 of Schedule 1 of this Agreement, estimated to cost less than the equivalent of \$20,000 per contract, up to an aggregate amount not to exceed the equivalent of \$150,000, may be awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part E: Review by the Association of Procurement Decisions

1. Review of prequalification:

With respect to the prequalification of bidders as provided in Part A.2 hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

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

(a) With respect to each contract estimated to cost the equivalent of \$250,000 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 Accounts A and B, 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 Special Accounts A and B in respect of such contract.

(b) Procedures set forth in the preceding paragraph (a) shall also apply: (i) for the first year of implementation of the Project, to contracts for procurement of works estimated to cost less than the equivalent of \$250,000; (ii) for the second year, to contracts for procurement of works estimated to cost more than the equivalent of \$100,000, but less than the equivalent of \$250,000; and (iii) for the third and

subsequent years, to contracts for procurement of works estimated to cost more than the equivalent of \$150,000, but less than the equivalent of \$250,000.

(c) With respect to each contract not governed by the preceding paragraphs (a) and (b), 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 Accounts A and B, 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 Schedules 4 and 5 to this Agreement.

(d) The provisions of the preceding paragraph (c) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.

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

Section II. Employment of Consultants

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.

SCHEDULE 4

Special Account "A"

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1, 2 (a), 3 (a) and 4 (a) 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 290,000,000 to be withdrawn from the Credit Account and deposited in Special Account "A" pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of Special Account "A" 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 Special Account "A" has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish Special Account "A" shall be made as follows:

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

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

(ii) Prior to or at the time of each such request, AGETUR, on behalf of 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 Special Account "A" 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 Special Account "A" 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 Special Account "A", AGETUR, on behalf of 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 Special Account "A":

(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; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions, 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 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 Special Account "A" 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 Special Account "A": (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (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 Special Account "A" (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 Special Account "A" 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 Special Account "A" 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 Special Account "A".

(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 5

Special Account "B"

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 2 (b), 3 (b) and 4 (b) 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 87,000,000 to be withdrawn from the Credit Account and deposited into Special Account "B" pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of Special Account "B" 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 Special Account "B" has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish Special Account "B" shall be made as follows:

(a) For withdrawals of the Authorized Allocation, SERHAU-SEM on behalf of the Borrower shall furnish to the Association a request or requests for a deposit or deposits 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 Special Account "B" such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of Special Account "B", SERHAU-SEM on behalf of the Borrower shall furnish to the Association requests for deposits into Special Account "B" at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, SERHAU-SEM on behalf of 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 Special Account "B" 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 Special Account "B" 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 Special Account "B", SERHAU-SEM on behalf of 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 Special Account "B":

(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; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions, 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 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 Special Account "B" 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 Special Account "B": (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (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 Special Account "B" (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 Special Account "B" 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 Special Account "B" 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 Special Account "B".

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 6

Contribution of CUs under
Part D.4 of the Project

(in Million CFA)

Not later than:	9/30/1992	9/30/1993	9/30/1994
Cotonou CU	38	155	292
Porto-Novo CU	15	54	100

