

CONFORMED COPY

CREDIT NUMBER 2498 GH

Development Credit Agreement

(Urban Transport Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 26, 1993

CREDIT NUMBER 2498 GH

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 26, 1993, between REPUBLIC OF GHANA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Association has received a letter dated April 27, 1993, from the Borrower describing a program of actions, objectives and policies designed to strengthen the Borrower's urban transport sector (hereinafter called the Program), and declaring the Borrower's commitment to the execution of the Program;

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 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) "BRRRI" means the Building and Road Research Institute within the Borrower's University of Science and Technology;
- (b) "DUR" means the Department of Urban Roads within MRH;
- (c) "MLG" means the Borrower's Ministry of Local Government;
- (d) "MOTC" means the Borrower's Ministry of Transport and Communications;
- (e) "MRH" means the Borrower's Ministry of Roads and Highways;
- (f) "MTU" means the Motor Traffic Unit, within the Borrower's Ministry of the Interior;
- (g) "NRSC" means MOTC's National Road Safety Committee;
- (h) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to a letter of agreement dated April 28, 1992 between the Borrower and the Association;
- (i) "Special Account" means either the DUR Special Account or the MOTC Special Account referred to in Sections 2.02 (b)(i) and (ii) of this Agreement;
- (j) "TCP" means the Department of Town and Country Planning within MLG;
- (k) "UTU" means the Urban Transport Unit within MOTC; and
- (l) "VELD" means the Vehicle Examinations and Licensing Department within MOTC.

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 fifty-five million Special Drawing Rights (SDR 55,000,000).

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) (i) The Borrower shall, for the purposes of Part A of the Project, open and maintain in Dollars a special deposit account (the DUR Special 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 DUR Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

- (ii) The Borrower shall, for the purposes of Part B of the Project, open and maintain in Dollars a special deposit account (the MOTC Special 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 MOTC 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 cancelled.

Section 2.03. The Closing Date shall be December 31, 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 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 15 and July 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 semi-annual installments payable on each January 15 and July 15 commencing July 15, 2003 and ending January 15, 2033. Each installment to and including the installment payable on January 15, 2013 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 United States of America 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 Part A of the Project through MRH and Part B of the Project through MOTC, with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and urban transport practices, and with due regard to ecological and 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 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. Without limitation upon any of its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain in a commercial bank a DUR project account and a MOTC project account, each on terms and conditions satisfactory to the Association, to be used exclusively for the purpose of meeting expenditures under the Project which are not financed out of the proceeds of the Credit; and

(b) in addition to the initial deposits referred to in Section 6.01 (a) of this Agreement, deposit into said accounts, promptly before each fiscal quarter starting after the Effective Date, sufficient funds to pay the Borrower's counterpart contribution to the financing of the Project required for such quarter under the budget adopted pursuant to Section 3.04 of this Agreement.

Section 3.04. The Borrower shall:

(a) communicate to the Association, not later than September 30 of every year, an estimate of Project expenditures and the amount of counterpart funding required from the Borrower for the succeeding fiscal year; and

(b) adopt, not later than December 31 of every year, and thereafter implement in a timely manner, a budget (including a breakdown by fiscal quarter), satisfactory to the Association, for implementation of the Project during the succeeding fiscal year (including for fiscal year 1994).

Section 3.05. Without limitation upon any of its obligations under Section 3.04 of this Agreement, the Borrower shall:

(a) adopt and thereafter implement annual budgets for the transport sector which include the following allocations for periodic and routine maintenance works on urban roads:

- (i) for fiscal year 1994, at least \$5,200,000 equivalent for periodic maintenance, and \$2,000,000 equivalent for routine maintenance;
- (ii) for fiscal year 1995, at least \$6,200,000 equivalent for periodic maintenance, and \$2,200,000 equivalent for routine maintenance;
- (iii) for fiscal year 1996, at least \$7,200,000 equivalent for periodic maintenance, and \$2,500,000 equivalent for routine maintenance;
- (iv) for fiscal year 1997, at least \$8,200,000 equivalent for periodic maintenance, and \$2,600,000 equivalent for routine maintenance;
- (v) for fiscal year 1998, at least \$9,200,000 equivalent for periodic maintenance, and \$2,700,000 equivalent for routine maintenance; and
- (vi) for fiscal year 1999, at least \$10,200,000 equivalent for periodic maintenance, and \$2,800,000 equivalent for routine maintenance; and

(b) immediately prior to each fiscal quarter within each fiscal year referred to in paragraph (a) above, provide to DUR one quarter of the annual allocations set out for such fiscal year to be used for such periodic and routine maintenance works.

Section 3.06. The Borrower shall, through the Closing Date, continue to annually contract out to the private sector at least 80% (by value) of road maintenance works.

Section 3.07. (a) UTU shall employ: (i) beginning not later than January 1, 1994, an urban transport advisor for at least two years; and (ii) beginning not later than April 1, 1994, a road safety advisor for at least 12 months, each under terms of reference and with qualifications and experience satisfactory to the Association.

(b) DUR shall employ: (i) beginning not later than January 1, 1994, a municipal engineer for at least three years; and (ii) a contract management specialist as referred to in Section 6.01 (c) of this Agreement for at least three years, each under terms of reference and with qualifications and experience satisfactory to the Association.

Section 3.08. (a) The Borrower shall carry out, jointly with the Association, not earlier than February 1, 1996, and not later than April 30, 1996, a mid-term review of the progress made in carrying out the Project and the Program. This review shall cover, among other things:

- (i) the performance of DUR and MOTC (including, in particular, UTU) in implementing the Project;
- (ii) the availability of the Borrower's counterpart funding, and the adequacy of its budgetary allocations for and expenditures on road maintenance;
- (iii) the results of the studies: (A) regarding DUR under Part A.6 of the Project, (B) regarding regulatory options for public transport under Part B.1 of the Project, and (C) regarding accident reporting and analysis under Part B.5 of the Project;
- (iv) implementation of the action plan relating to maintenance works referred to in paragraph 9 (a) of Schedule 4 to this Agreement;
- (v) the design and implementation by DUR of a maintenance management system;
- (vi) improvements to the management of lorry parks and bus terminals, including cost recovery therefrom;
- (vii) the effectiveness of training provided under the Project;
- (viii) recommendations for modifications to implementation of the Project;
- (ix) the adequacy of the amounts allocated to periodic and routine road maintenance works under Section 3.05 of this Agreement; and
- (x) the degree of achievement of the Project's objectives in light of the monitoring indicators agreed upon with the Association.

(b) The Borrower shall transmit to the Association, at least 60 days prior to the mid-term review described in paragraph (a) above, a report in scope and detail, satisfactory to the Association, describing the status of the items listed in such paragraph and of Project and Program implementation generally.

(c) Based on such review, the Borrower shall promptly prepare an action plan, acceptable to the Association, for the further implementation of the Project and the Program, and shall thereafter implement such action plan.

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 each 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) 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 either Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

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 established the DUR and MOTC project accounts referred to in Section 3.03 of this Agreement and shall have deposited: (i) an initial amount of \$662,000 equivalent into the DUR project account; and (ii) an initial amount of \$13,000 equivalent into the MOTC project account;

(b) DUR shall have: (i) employed utility contractors for the relocation of public utility services in the roads to be rehabilitated in Accra under Part A.1 of the Project, under terms and conditions and selected in accordance with procedures satisfactory to the Association; and (ii) prequalified contractors

pursuant to Part A.2 of Schedule 3 to this Agreement to bid for the rehabilitation of roads in Accra and Sekondi/Takoradi under Part A.1 of the Project; and

(c) DUR shall have employed a contract management specialist, under terms of reference and with qualifications 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

Representatives of the Borrower; Addresses

Section 7.01. The Minister of Finance and Economic Planning of the Borrower 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:

Minister of Finance and
Economic Planning
Ministry of Finance and Economic Planning
P.O. Box M40
Accra, Ghana

Cable address:	Telex:
ECONOMICON Accra	2205 MIFAEP GH

For the Association:

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

Cable address:	Telex:
INDEVAS Washington, D.C.	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.

REPUBLIC OF GHANA

By /s/ Joseph Abbey
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox

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
Part A of the Project		
(1) Civil Works:		100% of foreign expenditures and 55% of local expenditures
(a) for the Project (other than Parts A.3 and A.5)	31,660,000	
(b) for Parts A.3 and A.5 of the Project	9,490,000	
(2) Equipment and Vehicles	1,500,000	100% of foreign expenditures and 55% of local expenditures
(3) Consultants' Services and Training	4,980,000	100%
(4) Incremental Operating Costs for DUR	40,000	100%

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
Part B of the Project		
(5) Civil Works	50,000	100% of foreign expenditures and 55% of local expenditures
(6) Equipment and Vehicles	620,000	100% of foreign expenditures and 55% of local expenditures
(7) Consultants' Services and Training	1,140,000	100%
(8) Incremental Operating Costs for UTU	40,000	100%

Miscellaneous

(9) Refunding of Project Preparation Advance	180,000	Amounts due pursuant to Section 2.02(c) of this Agreement
(10) Unallocated	5,300,000	
	<hr/>	
TOTAL	55,000,000	=====

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;

(c) the term "training" means expenditures for seminars, fellowships, courses and other forms of training, each as are approved by the Association; and

(d) the term "incremental operating costs" means expenditures for Project management and monitoring, including office expenses, travel costs, in-house studies, and salaries for temporary contract staff only.

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

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

(b) under Category (1)(b) for the rehabilitation of any lorry park or bus terminal or for the construction of any access roads until, following an environmental analysis conducted under terms of reference satisfactory to the Association, the Borrower shall have adopted an environmental mitigation plan for such rehabilitation or construction activity satisfactory to the Association.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (i) improve the quality and efficiency of roads and other urban transport services, and the efficiency of their production; (ii) improve and broaden access to such services; (iii) improve the efficiency of non-motorized transport alternatives; (iv) increase safety for pedestrian and other traffic; and (v) improve the Borrower's management of the urban transport sector.

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: Infrastructure Improvement Activities and Institutional Development of DUR

1. Rehabilitation of roads in Accra and Sekondi/Takoradi, including improving road-side drainage, and constructing lay-bys for public transport, parking bays for shopping areas and protected pedestrian crossings.

2. Improving traffic management and implementing accident reduction measures in Accra, Kumasi, Sekondi/Takoradi, Tamale and Tema through widening of junctions, installation of linked traffic

signals, use of one-way traffic flow, use of controlled pedestrian crossings, improved roads signs and markings, and other measures.

3. Rehabilitation of lorry parks and bus terminals in Accra, Kumasi, Sekondi/Takoradi, Tamale and Tema.

4. Increasing access to, and improving the quality of, non-motorized transport facilities through:

(a) the construction of about 50 km of dedicated cycle paths in Accra connecting primarily low-income, as well as middle-income, residential areas to commercial and business districts; and

(b) the preparation of a study to develop and implement a master plan for a comprehensive cycle paths network for Accra.

5. Construction of access roads from about seven low-income areas in Accra to main arterial routes.

6. Increasing the institutional and operational capacity of DUR through:

(a) the development and operation of a road maintenance management system, including execution of a related preparatory study covering, inter alia, the appropriate balance between private and public sector execution of maintenance works;

(b) the preparation of an organization and management study regarding: (i) the organizational and staffing requirements of DUR; (ii) the resource requirements of DUR, including the resources required to extend DUR's activities to Tamale; and (iii) a training program for DUR staff;

(c) construction of offices in Accra and field staff housing for DUR, and the acquisition of equipment; and

(d) training of the staff of DUR, the Accra Metropolitan Roads Unit and district roads units, and the distribution of equipment to such units.

Part B: Institutional Development of MOTC and Related Agencies

1. Establishment and operation of UTU to improve government coordination of, and support policy formulation for, the urban transport sector, including preparation of related studies regarding (a) regulatory options for improving the quantity and quality of public transport, (b) management of parking in Accra, Kumasi, Sekondi/Takoradi, Tamale and Tema, and (c) options for private sector participation in public sector bus companies.

2. Development and implementation by UTU and NRSC of a road safety campaign focusing on driver education, pedestrians and users of non-motorized vehicles, and the acquisition of equipment in support thereof.

3. Improving the capacity of the Borrower to manage and operate the urban transport sector through the training of staff of UTU, VELD, BRRRI, NRSC, MTU, and MLG (including specifically TCP) in urban transport related fields.

4. Increasing the operational capacity of VELD to test vehicles through the acquisition of vehicle testing equipment for its facilities in Accra, Tamale and Koforidua, and the construction of a new testing facility in Tamale.

5. Improving accident reporting and effectiveness of traffic regulations by strengthening the operational capacity of BRRRI and MTU through the acquisition of computers and other equipment.

6. Improving the management of lorry parks and bus terminals, including preparation of a management study.

7. Increasing the operational capacity of TCP, including improving its development information system, through the acquisition of equipment.

8. Establishment and operation of parking and traffic units in Accra, Kumasi, Sekondi/Takoradi, Tamale and Tema.

* * *

The Project is expected to be completed by June 30, 1998.

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 1992 (the Guidelines). For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

2. Bidders for works under contracts estimated to cost the equivalent of \$10,000,000 or more shall be prequalified as provided in paragraph 2.10 of the Guidelines.

3. To the extent practicable, contracts for works under Part A.1 of the Project shall be grouped into bid packages estimated to cost the equivalent of \$10,000,000 or more.

4. Goods shall be exempted from preshipment 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 of this Schedule, goods manufactured in Ghana 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 of this Schedule, 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. Items or groups of items for (i) works estimated to cost the equivalent of \$1,500,000 or less per contract, up to an aggregate amount equivalent to \$21,000,000, and (ii) goods estimated to cost the equivalent of \$200,000 or less per contract, up to an aggregate amount equivalent to \$570,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Items or groups of items for goods estimated to cost the equivalent of \$100,000 or less per contract, up to an aggregate

amount equivalent to \$650,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

3. Contracts for spare parts and accessories of a proprietary nature, up to an aggregate amount equivalent to \$350,000, may be awarded after direct negotiations with suppliers, 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 (i) each contract for works estimated to cost the equivalent of \$1,000,000 or more, (ii) each contract for goods estimated to cost the equivalent of over \$200,000, and (iii) the first procurement of works to be made under Part D.1 of this Schedule the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for any contract are to be made out of either Special Account, such procedures shall be modified to ensure that the two conformed copies of such 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 such 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 either 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 paragraph (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.

3. The figure of 15% 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).

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior Association review or approval requirements shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single-source hiring of firms, to assignments of a

critical nature as reasonably determined by the Association, and to amendments of contracts raising the contract value to \$100,000 equivalent or above.

SCHEDULE 4

Implementation Program

Project Management

1. The Borrower shall carry out Part A of the Project through DUR under an implementation program satisfactory to the Association, which shall include the requirements that DUR:

(a) maintain supervisory personnel for Part A of the Project under terms of reference and with qualifications and experience satisfactory to the Association; and

(b) furnish to the Association, on a quarterly basis, a report regarding the status of Project implementation and the impact indicators agreed upon with the Association, together with documentation regarding actual expenditures on periodic and routine maintenance works.

2. The Borrower shall carry out Part B of the Project through UTU, and shall operate UTU under terms of reference, and with staffing (including their qualifications and experience), satisfactory to the Association, which:

(a) terms of reference shall include the requirement that UTU furnish to the Association on a quarterly basis a report regarding the status of Project implementation and the impact indicators agreed upon with the Association; and

(b) staffing shall include staff economists and transport planners: (i) totalling at least four beginning January 1, 1995, (ii) totalling at least five beginning January 1, 1996, and (iii) totalling at least six (including at least three transport planners) beginning January 1, 1997.

3. The Borrower shall implement environmental mitigation procedures satisfactory to the Association, for the construction and rehabilitation activities under the Project.

Project Implementation

4. The Borrower shall adopt, not later than December 1 of each year, and thereafter implement a training program for the subsequent calendar year, satisfactory to the Association, which shall be designed to take into account the results of earlier training programs provided that, notwithstanding the foregoing, the Borrower shall adopt the training program for calendar year 1994 not later than March 31, 1994.

5. The Borrower shall:

(a) carry out the studies under the Project under terms of reference satisfactory to the Association, and shall complete the following studies by the dates indicated thereafter:

(i) the analysis of options to improve the management of, and cost recovery from, lorry parks and bus terminals under Part B.6 of the Project, to be completed not later than April 30, 1994;

(ii) the organization and management study of DUR under Part A.6(b) of the Project, to be completed not later than December 31, 1994;

(iii) the analysis of the regulatory options for improving the quality and quantity of public

transport under Part B.1 of the Project, to be completed not later than September 30, 1994; and

- (iv) the analysis of options for improving MTU's accident reporting and BRRI's analysis of accident data under Part B.5 of the Project, to be completed not later than June 30, 1994; and

(b) within six months of completion thereof, consult with the Association regarding modalities for implementing the recommendations of such studies.

6. In carrying out Parts A.1, A.2, A.5 and A.6(c) of the Project, the Borrower shall rehabilitate the roads, undertake the traffic management improvements, build the additional access roads, and construct the housing and office space for DUR, each as agreed upon with the Association, and shall adopt and thereafter implement annual work programs, satisfactory to the Association, for carrying out such activities.

7. In carrying out Part A.3 of the Project, the Borrower shall:

(a) rehabilitate such lorry parks and bus terminals agreed upon with the Association, and in accordance with design and implementation plans satisfactory to the Association; and

(b) ensure, as a precondition for rehabilitating any lorry park or bus terminal, that there shall have been adopted in respect of such facility a plan, satisfactory to the Association, for recovering fees to maintain such facilities (which plan shall incorporate the recommendations of the study referred to in paragraph 5(a)(i) of this Schedule, to the extent available).

8. In carrying out Part A.4(a) of the Project, the Borrower shall undertake the path construction as agreed upon with the Association, and shall adopt and thereafter implement annual work programs, satisfactory to the Association, for carrying out such cycle path construction.

9. In carrying out Part A.6(a) of the Project, the Borrower shall:

(a) complete not later than December 31, 1994, the maintenance management system preparatory study under terms of reference satisfactory to the Association, which shall provide, inter alia, for the preparation of an action plan to implement the recommendations of such study regarding private sector participation in maintenance works;

(b) adopt, not later than March 31, 1995, a maintenance management system, satisfactory to the Association; and

(c) thereafter implement such system not later than July 31, 1995.

10. In carrying out Parts A.6 and B of the Project, the Borrower shall acquire the list of equipment agreed upon with the Association and, in the case of MTU, shall only acquire such equipment.

11. In carrying out Part B.2 of the Project, UTU and NRSC shall develop, not later than September 30, 1994, and thereafter implement, not later than January 1, 1995, a road safety program under terms of reference satisfactory to the Association.

12. In carrying out Part B.8 of the Project, the Borrower shall operate the parking and traffic units under terms of reference agreed upon with the Association.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means:

- (i) with respect to the DUR Special Account, Categories (1) through (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and
- (ii) with respect to the MOTC Special Account, Categories (5) through (8) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for: (i) Part A of the Project, in the case of the DUR Special Account; and (ii) Part B of the Project, in the case of the MOTC Special Account, 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: (i) \$1,500,000, in the case of the DUR Special Account, and (ii) \$300,000, in the case of the MOTC Special Account, to be withdrawn from the Credit Account and deposited into such Special Account pursuant to paragraph 3 (a) of this Schedule.

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

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

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

- (b) (i) For replenishment of such Special Account, the Borrower shall furnish to the Association requests for deposits into such Special Account at such intervals as the Association shall specify.
- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into such Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of such Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of any Special Account, the Borrower shall, at such time as the Association shall

reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

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

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

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for such Special Account, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to Part A of the Project, in the case of the DUR Special Account, and Part B of the Project, in the case of the MOTC Special Account, shall equal the equivalent of twice the amount of the Authorized Allocation for such Special Account.

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

6. (a) If the Association shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into such 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 any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

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

