

CONFORMED COPY

CREDIT NUMBER 3426 CD

Development Credit Agreement

(National Transport Program Support Project)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 20, 2000

CREDIT NUMBER 3426 CD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 20, 2000, between REPUBLIC OF CHAD (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; and

(B) the Association has received a letter (the “Strategy for the Transport Sector”), dated November 19, 1999, from the Borrower, describing therein a program of actions, objectives and policies, adopted by the Borrower on September 21, 1999 and designed to strengthen its transport sector with a view to reduce poverty and rural isolation and to improve national food security (hereinafter called the Program), and declaring therein the Borrower’s commitment to the execution of the Program;

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

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

“12. ‘Participating Country’ means any country that the Association determines meets the requirements set forth in Section 11 of Resolution No. 194 of the Board of Governors of the Association, adopted on April 8, 1999; and ‘Participating Countries’ means, collectively, all such countries.” ; and

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

“Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.”

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

(a) “CFA Francs” or “CFAF” means Franc de la Coopération Financière en Afrique Centrale, the currency of the Borrower;

(b) “CISCP” means Cellule Interministérielle de Suivi et de Coordination des Projets, established pursuant to the Borrower’s decree No. 277/PR/MTP/MTAC/89 dated April 29, 1989 (the CISCP Decree) which will be responsible for: (i) assisting MTPTHU, in particular with the maintenance of the accounts and overall financial management of the Project; and (ii) general coordination and supervision of the carrying out of the Project;

(c) “EIA” means Etude d’Impact Environnemental du Projet d’Appui au Programme National des Transports (PAProNAT), the three volume environmental assessment documentation for the Project, dated June 2000, as the same may be amended from time to time, and such term includes any schedules to the EIA;

(d) “FER” means Fonds d’Entretien Routier, the Borrower’s Road Maintenance Fund, a public entity established and operating under the Borrower’s laws and regulations pursuant to the Borrower’s law No. 014/PR/2000 dated August 17, 2000 (the FER Law), and the Borrower’s decree No. 418/PR/MTPTHU/2000 and decree No. 419/PR/MTPTHU/2000, all dated September 18, 2000 (the FER Decrees), and referred to in paragraph 1 (c) of Schedule 4 of this Agreement;

(e) “HIV/AIDS/STD” mean Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome/Sexually Transmitted Diseases;

(f) “MEE” means Ministère de l’Environnement et de l’Eau, the Borrower’s Ministry of Environment and Water;

(g) “MEN” means Ministère de l’Education Nationale, the Borrower’s Ministry of National Education;

(h) “MMEMP” means the mitigation measures and environmental management plan for the Project as described in Section 6 of the EIA;

(i) “MPED” means Ministère de la Promotion Economique et du Développement, the Borrower’s Ministry of Economic Promotion and Development;

(j) “MTPTHU” means Ministère des Travaux Publics, des Transports, de l’Habitat et de l’Urbanisme, the Borrower’s Ministry of Public Works, Transport, Housing and Town Planning;

(k) “NGO” means a non governmental organization operating under the laws of the Borrower;

(l) “Project Account” means the account referred to in Section 3.04 (a) of this Agreement;

(m) “Project Implementation and Procedures Manual” means the manual setting out, inter alia, the administrative, financial and accounting procedures, the procurement and disbursement procedures, and other arrangements to be used for the purpose of implementing the Project, referred to in paragraph 2 of Schedule 4 of this Agreement and adopted pursuant to Section 7.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes any schedules to the Project Implementation and Procedures Manual;

(n) “Project Management Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(o) “Project Preparation Advance” means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on December 30, 1999 and on behalf of the Borrower on January 11, 2000;

(p) “Project Semester” means the six-month period beginning from the Effective Date and ending six months thereafter (the First Project Semester) and any six-month period beginning at the end of the First Project Semester, or at the end of subsequent Project Semester; and

(q) “Special Account” means the account 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 fifty million eight hundred thousand Special Drawing Rights (SDR 50,800,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for 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 and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFA Francs a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure 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 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 July 31, 2006 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

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

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

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on February 15 and August 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 15 and August 15 commencing February 15, 2011 and ending August 15, 2040. Each installment to and including the installment payable on August 15, 2020 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

(A) requiring the Borrower to repay twice the amount of each such installment

not yet due until the principal amount of the Credit shall have been repaid;
and

- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out Parts A, B, C, D and E of the Project through MTPTHU, and Part F of the Project through MPED, with due diligence and efficiency and in conformity with appropriate engineering, administrative and environmental practices, 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. For the purposes of Section 9.06 of the General Conditions and without

limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to 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 sustainability of the Project; and

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

Section 3.04. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower shall, for the purposes of making available its counterpart contribution to the financing of the Project:

(a) open and thereafter maintain, for the duration of the Project, an account in CFA Francs (the Project Account) in a commercial bank on terms and conditions satisfactory to the Association;

(b) deposit into the Project Account an initial contribution of CFAF 30,000,000;

(c) thereafter replenish said account up to an amount equal to CFAF 30,000,000 at the end of each Project Semester, or whenever its balance shall be less than CFAF 10,000,000; and

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

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each fiscal year audited, in accordance with auditing standards acceptable to the Association, 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 copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Association may 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 Project Management Reports or statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the Project Management Reports or statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Borrower, not later than eighteen (18) months after the Effective Date, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association, each of which:

- (i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately

expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;

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

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

ARTICLE V

Other Covenants

Section 5.01. The Borrower shall:

(a) have the technical quality and quantity of civil works carried out under Parts A and B of the Project audited three times a year, starting from the Effective Date, in accordance with the relevant provisions of the Project Implementation and Procedures Manual, by an independent technical auditor, who shall be employed in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(b) furnish to the Association as soon as available, but in any case not later than two weeks after the end of each audit mission, a copy of the technical auditor's report; and

(c) furnish to the Association such other information concerning such technical audit and said technical auditor, as the Association may from time to time reasonably request.

Section 5.02. The Borrower shall carry out in a timely manner all actions required to be performed by it under the MMEMP, including taking all measures to enable public consultation as well as ensuring that contractors implement their obligations as described in the MMEMP.

ARTICLE VI

Remedies of the Association

Section 6.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

(a) a situation shall have arisen which shall make it improbable that the Program, or a significant part thereof will be carried out;

(b) the CISCPC Decree governing the operations of CISCPC shall have been amended, suspended, or waived so as to materially and adversely affect the implementation of the Project; and

(c) the FER Law or the FER Decrees, governing the operations of FER, shall have been amended, suspended, or waived so as to materially and adversely affect the ability of the Borrower to maintain its national road network.

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

(a) the event specified in paragraph (a) of Section 6.01 of this Agreement shall occur and shall continue for a period of 30 days after notice thereof shall have been given by the Association to the Borrower; and

(b) any events specified in paragraphs (b) and (c) 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 the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Project Account has been opened and the initial contribution referred to in Section 3.04 (b) of this Agreement has been deposited therein;

(b) the Borrower has adopted and transmitted to the Association the Project Implementation and Procedures Manual, in form and substance satisfactory to the Association;

(c) the Borrower has appointed the financial auditors referred to in Section 4.01 (b) of this Agreement and the technical auditor referred to in Section 5.01 (a) of this Agreement, all in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(d) the members of the Management Committee, the Director and the Chief Accountant of FER have been appointed in conformity with the Borrower's decree No. 418/PR/MTPTHU/2000 dated September 18, 2000; and

(e) the Borrower has extended, in a manner satisfactory to the Association, the validity of the special procurement regime granted to MTPTHU for purpose of implementing 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

Representative of the Borrower; Addresses

Section 8.01. The Minister of the Borrower at the time responsible for economic promotion and development 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:

Ministry of Economic Promotion
and Development
B.P. 286
N'Djamena
Republic of Chad

Telex:

5329 KD

Facsimile:

(235) 51 51 85
(235) 52 00 87

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 (MCI) or
64145 (MCI)

Facsimile:

(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized

representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF CHAD

By /s/ Ahmat Hassallah Soubiane

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Pamela Cox

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:

| <u>Category</u> | <u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u> | <u>% of Expenditures to be Financed</u> |
|--------------------------------------|---|---|
| (1) Civil works | 35,000,000 | 72% |
| (2) Goods, equipment and vehicles | 1,350,000 | 72% |
| (3) Consultants' | 7,250,000 | 82% |

| | | | |
|-----|--|-------------------|---|
| | services, training and audits | | |
| (4) | Operating costs | 380,000 | 82% |
| (5) | Refunding of Project Preparation Advance | 390,000 | Amount due pursuant to Section 2.02 (c) of this Agreement |
| (6) | Unallocated | 6,430,000 | |
| | TOTAL | 50,800,000 | |

2. For the purposes of this Schedule, the term “operating costs” means the incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, utilities expenses, vehicles and equipment operation and maintenance, Special Account banking charges, transport, travel, per diem, supervision costs and salaries of locally contracted staff, but excluding salaries of officials of the Borrower’s civil service.

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 : (a) goods and works under contracts costing less than \$200,000 equivalent each; (b) services under contracts costing less than \$100,000 equivalent each for consulting firms and less than \$50,000 equivalent each for individual consultants; and (c) training programs and operating costs, all under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to support the implementation of the Program which aims at reducing poverty and rural isolation and improving national food security through improved year-round access to markets and services especially in the rural areas.

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: Road Investment

1. Road upgrading and paving on about 104 km of the Ngoura-Bokoro axis and

provision of technical advisory services for the supervision of the works on that axis.

2. Rehabilitation and strengthening of about 300 km of the Borrower's existing paved road network and provision of technical advisory services for the supervision of the rehabilitation and strengthening works.

Part B: Pilot Program for Road Management and Maintenance Contract for Unpaved Roads

Carrying out of a pilot program to test the adoption of a performance-based road management and maintenance contract for unpaved roads on about 441 km of unpaved roads between N'Djamena and Abeche; provision of technical advisory services to MTPTHU for the implementation and supervision of the pilot program.

Part C : Road Safety

1. Improving road safety at dangerous spots in urban and non-urban areas through the carrying out of civil works.

2. Establishment of an accident data collection and evaluation system through the provision of technical advisory services to MTPTHU, and acquisition of equipment including software and vehicles.

3. Raising public awareness in support of road safety through the: (i) carrying out of training programs for the staff of MTPTHU, the local administrative authorities of N'Djamena, the police and other road security authorities and driving schools; (ii) provision of technical advisory services to MTPTHU for the preparation, jointly with MEN, of teaching curriculum for primary and secondary schools; and (iii) carrying out of a road safety awareness campaign for the public through the media.

4. Developing a comprehensive national road safety plan through the: (i) provision of technical advisory services to MTPTHU; (ii) organization of seminars and workshops in relation thereto; and (iii) provision of technical advisory services for the revision and modernization of the existing legislation on road safety.

Part D : Rural Travel and Transport Strategy Development

1. Developing a national strategy for rural travel and transport through the carrying out of studies.

2. Carrying out of broad-based participatory workshops in relation with the preparation of the rural travel and transport strategy.

3. Raising awareness of rural communities about the rural travel and transport

strategy through the carrying out of communication campaigns through the local media.

4. Strengthening the technical capacity of the Secretariat in charge of the rural travel and transport strategy within the MTPTHU and selected staff from other Borrower's Ministries and agencies, through the provision of technical advisory services.

Part E : Institutional Support and Capacity Building

1. Strengthening the technical capacity of transport sector stakeholders including MTPTHU staff and selected staff from the Borrower's other Ministries and agencies, private sector representatives and NGOs, through the carrying out of training programs, including for environmental assessment and management.

2. Provision of technical advisory services for: (i) the carrying out of technical and financial audits of the Project and audit related studies; and (ii) the strengthening of the technical capacity of FER.

3. Strengthening the technical capacity of MTPTHU through the: (i) carrying out of studies relating to the transport sector, including pre-investment and policy studies; (ii) acquisition of equipment and vehicles; and (iii) improvement and rehabilitation of office space.

Part F : HIV/AIDS/STD and Transport

Carrying out HIV/AIDS/STD awareness and education campaigns among stakeholders along targeted roadways in the territory of the Borrower, through the provision of technical advisory services to MPED.

* * *

The Project is expected to be completed by January 31, 2006.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

1. Goods and works shall be procured in accordance with: (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the

Guidelines); and (b) the provisions of the following Parts of this Section I.

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

Part B: International Competitive Bidding

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

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

(a) Prequalification

Bidders for the performance-based road management and maintenance contract for unpaved roads shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines.

(b) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$20,000 equivalent or more each.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Works for road safety infrastructure estimated to cost less than \$500,000 equivalent per contract, up to an aggregate amount not to exceed \$970,000 equivalent may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Goods estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$590,000 equivalent may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

Goods estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, may be procured under contracts awarded on the basis

of national shopping procedures or, failing local availability of such goods, on the basis of international shopping procedures, in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

With respect to each contract for works and goods estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

1. Consultants' services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

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

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of

paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services estimated to cost less than \$30,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for financial audits may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services under Part E of the Project estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

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

2. Prior Review

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

apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

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

SCHEDULE 4

Implementation Program

1. The Borrower shall ensure that, at all times during the execution of the Project:

(a) the qualifications, experience and performance of the staff within MTPTHU, including in particular the Road Director, the Surface Transport Director and the members of the technical committee in charge of the supervision of the implementation of the MMEMP, and MPED, in charge of the implementation of any parts of the Project, shall be satisfactory to the Association;

(b) the FER Director, Chief Accountant, and those members of the Management Committee of FER who are appointed by the Borrower or any of its agencies, shall be appointed in accordance with the provisions of the FER Law and FER Decrees;

(c) FER shall carry out its mandate in compliance with the FER Law and the FER Decrees;

(d) CISCIP shall maintain amongst its staff a Coordinator, a Deputy Coordinator and a Chief Accountant, who shall be employed in accordance with the provisions of Section II of Schedule 3 to this Agreement. The Coordinator shall be responsible for the overall coordination and supervision of activities under the Borrower's transport sector projects, including the Project. The Deputy Coordinator shall assist the Coordinator;

(e) CISCIP shall carry out its mandate in compliance with the CISCIP Decree; and

(f) the relevant Ministries, agencies and authorities (in particular, MEE, MEN, the police and other road security authorities) shall collaborate with MTPTHU and MPED in compliance with the provisions of the EIA and the Project Implementation and Procedures

Manual, in particular, with respect to the appointment of individuals whose qualifications, experience, position, and performance are satisfactory to the Association, and who shall assist MTPTHU and MPED in ensuring proper implementation of the Project.

2. Except as the Association shall otherwise agree, the Borrower shall: (i) apply criteria, policies, procedures and arrangements set out in the Project Implementation and Procedures Manual; and (ii) not amend or waive, or permit to be amended or waived, the EIA and the Project Implementation and Procedures Manual or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.

3. The Borrower shall:

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

(b) not later than the end of the First Project Semester, and not later than the end of each Project Semester thereafter, or such later dates as the Association shall request, undertake, in conjunction with the Association and CISCIP, a joint semi-annual review on all matters relating to the progress of the Project and, in particular, the progress achieved by the Borrower during the current Project Semester, having regard to the performance indicators referred to in subparagraph (a) of this paragraph;

(c) in view of each joint semi-annual review, cause CISCIP to prepare and, not later than the first day of each semi-annual review, furnish to the Association, for its comments, a report in such detail as the Association shall reasonably request, on the progress of the Project;

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

(e) promptly after the Effective Date, take all measures necessary on its part to organize, in conjunction with the Association, a workshop for the launching of the Project implementation which shall cover, inter_alia, disbursement and procurement procedures and detailed timetables for the implementation of the Project.

4. Midterm Review

(a) On or about twenty-four months after the Effective Date, the Borrower shall carry out jointly with the Association and CISCIP a midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review).

The Midterm Review shall cover, amongst other things:

- (i) progress made in meeting the Project's objective; and
- (ii) overall Project performance against Project performance indicators.

(b) The Borrower shall cause CISCOP to prepare and at least four weeks prior to the Midterm Review, furnish to the Association a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

(c) The Borrower shall, not later than two weeks after the Midterm Review, prepare and submit to the Association an action program, acceptable to the Association, for the further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

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

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

(c) the term "Authorized Allocation" means an amount of CFAF 2,000,000,000 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 of CFAF 1,000,000,000 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 5,000,000.

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

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to

replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit

Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

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

(d) Refunds to the Association made pursuant to 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.

