

CONFORMED COPY

CREDIT NUMBER 2975 IVC

Development Credit Agreement

(Commercial Debt Restructuring Program)

between

REPUBLIC OF COTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 2, 1997

CREDIT NUMBER 2975 IVC

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 2, 1997, between REPUBLIC OF COTE D'IVOIRE (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association). WHEREAS (A) the Borrower has established a medium-term adjustment program as described in the Policy Framework Paper dated June 5, 1996 that is acceptable to the Association;

(B) the Borrower has formulated a debt management strategy satisfactory to the Association that: (i) includes a program for resolving the commercial debt problem of the Borrower in a comprehensive manner as set forth in the Term Sheet for the 1997 Debt Restructuring dated January 23, 1997 issued by the Borrower (the Debt Restructuring Program), to be financed by funds to be provided by the Credit, the Facility (as defined below) and other available resources; (ii) provides for substantial relief from official bilateral creditors of the Borrower; and (iii) will materially enhance the Borrower's growth and development prospects;

(C) at the request of the Borrower, the Association acting as Trustee of the Debt Reduction Facility for IDA-Only Countries (the Facility) is entering into a Grant Agreement of even date herewith (the Grant Agreement) with the Borrower to provide grant funding from the Facility to the Borrower to assist in the financing of the Debt Restructuring Program; and

(D) the Borrower has confirmed to the Association that it has received assurances from the Government of France of its intention to make available concessional financing to the Borrower through the Caisse Française de Développement in the amount of three hundred million French Francs (Ffr. 300,000,000) to assist in the financing of the Debt Restructuring Program (the "French Participation"); and

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

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications set forth in Schedule 3 to this Agreement (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) "Closing Agent" or "Reconciliation Agent" means Banque Nationale de Paris, the closing agent appointed by Côte d'Ivoire under the Exchange Agreement;

(b) "Creditors" means the holders of Eligible Debt that are signatories to the Exchange Agreement;

(c) "Debt Purchase" means the purchase with cash of Eligible Debt by Côte d'Ivoire pursuant to the Exchange Agreement;

(d) "Debt Reduction Agreements" means (i) the Exchange Agreement and (ii) the Bonds, the Collateral Pledge Agreement, the Escrow Agreement and the Fiscal Agency Agreement, as defined in the Exchange Agreement;

(e) "Eligible Debt" means any or all of the indebtedness of Côte d'Ivoire possessing the characteristics stipulated in the Exchange Agreement which is eligible for purchase with cash under the terms thereof; and

(f) "Exchange Agreement" means the agreement dated May 6, 1997 between Côte d'Ivoire and the Creditors providing for the implementation of the Debt Restructuring Program including, inter alia, for the exchange by those Creditors of their Eligible Debt or a portion thereof for cash in accordance with the terms of the Exchange 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 thirty-six million Special Drawing Rights (SDR 36,000,000).

Section 2.02. 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 Debt Purchase and to be financed out of the proceeds of the Credit.

Section 2.03. The Closing Date shall be March 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 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 January 1 and July 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each January 1 and July 1 commencing January 1, 2008 and ending July 1, 2037. Each installment to and including the installment payable on July 1, 2017 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. (a) If the Association shall have determined at any time that any amount of the Credit has not been used for the Debt Purchase required for the Project as set forth in Schedule 2 to this Agreement, the Association, at its option, may, by

notice to the Borrower, require the Borrower to repay, in advance of maturity, such portion of the principal amount of the Credit as the Association has determined has not been so used.

(b) Prepayment of all or any portion of the Credit in accordance with paragraph (a) of this Section shall be made on a date and in the currency specified by the Association.

Section 2.09. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Financial Covenants

Section 3.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the payments made in respect of the Project and financed out of the proceeds of the Credit.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section 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 Closing Date, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

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

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

(ii) retain, until at least one year after the Association has received the audit report referred to in paragraph (b) of this Section, all records (contracts, orders, receipts and other documents), invoices, bills, 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 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, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

### ARTICLE IV

#### Other Covenants

Section 4.01. Without limitation or restriction upon the provisions of Section 9.01 of the General Conditions, the Borrower shall promptly provide or cause to be provided to the Association copies of all notices, certificates, reports and other

documentation prepared or received by or on behalf of the Borrower in connection with the Debt Restructuring Program as the Association shall request.

#### ARTICLE V

##### Remedies of the Association

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

(a) the Borrower shall have failed to perform any of its obligations under the Grant Agreement; or

(b) the right of the Borrower to withdraw proceeds of any financing (other than that provided hereunder) provided for the Debt Restructuring Program shall have been suspended, canceled or terminated.

#### 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's macroeconomic policy framework continues to be acceptable to the Association;

(b) the Association shall have received evidence satisfactory to it establishing that (i) the Exchange Agreement and the forms of the other Debt Reduction Agreements and all related agreements are in form and substance satisfactory to the Association and (ii) the Exchange Agreement executed between the Borrower and each of the Creditors in respect of Eligible Debt is in full force and effect and to the best of the Borrower's knowledge no party thereto has breached any of its obligations thereunder;

(c) the Association shall have received evidence satisfactory to it of the availability of the French Participation and that adequate financing on grant or concessional terms for the implementation of the Debt Restructuring Program is available to the Borrower from other sources under terms and conditions and in an amount acceptable to the Association which, together with the Credit, the Grant, the French Participation and the amount to be provided by the Borrower from its own resources, will be adequate to finance the entire Debt Restructuring Program and all closing expenses; and

(d) all conditions precedent to the effectiveness of the Grant Agreement, other than those related to the effectiveness of this Agreement, have been fulfilled.

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

#### ARTICLE VII

##### Representative of the Borrower; Addresses

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

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

For the Borrower:

Ministry of Economy and Finance  
BP V 125

Abidjan  
Republic of Côte d'Ivoire

Cable address:

Telex:

MINFIN  
Abidjan

23747 MINFIN

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 (MCI) or  
64145 (MCI)

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 COTE D'IVOIRE

By /s/ Moïse Koumoué Koffi

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jean-Louis Sarbib

Regional Vice President  
Africa

#### SCHEDULE 1

##### Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Debt Purchase	36,000,000	100% of foreign expenditures
TOTAL	36,000,000	

2. For the purposes of this Schedule, the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for the Debt Purchase.

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) unless the Association has received a certificate from the Borrower satisfactory to the Association establishing that (i) the Exchange Agreement remains in full force and effect and to the best of its knowledge no party thereto has breached any of its obligations thereunder, and (ii) the Borrower has no reason to believe that the conditions precedent to the performance by the parties of their obligations under the Exchange Agreement will not be satisfied.

4. Withdrawals may be made not earlier than four business days in advance of the closing date established under the Exchange Agreement provided that the funds so withdrawn are maintained until paid to Creditors for the Debt Purchase in a trust account with an independent trustee (or similar arrangement affording legal protection of the funds) acceptable to the Association, under procedures providing for the automatic refund to the Association of such funds in the event the conditions precedent to the performance of the Debt Reduction Agreements are not satisfied or the Debt Restructuring Program does not for any reason proceed.

5. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for the Debt Purchase, 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 Debt Restructuring Program. Subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objective, the Project consists of the Debt Purchase.

The Project is expected to be completed by October 31, 1997, except for the release of escrowed amounts in accordance with the Exchange Agreement.

#### SCHEDULE 3

##### Modifications of General Conditions

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows:

1. The following provisions of the General Conditions are deleted:

- (a) The last sentence of Section 3.02.
- (b) Section 5.02.
- (c) Section 5.04.
- (d) Section 5.08.

(e) The phrase, "except that the Borrower may not so cancel any amount of the Credit in respect of which the Association shall have entered into a special commitment pursuant to Section 5.02" in Section 6.01.

- (f) Section 6.04.
- (g) Section 9.03.
- (h) Section 9.04.
- (i) Section 9.05.
- (j) Section 9.07.
- (k) Section 9.08.

2. The second sentence of Section 5.01 is modified to read:

"Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made for the purpose of any payment to persons or entities if such payment, 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."

3. Section 5.03 shall be modified to read:

"Section 5.03. Applications for Withdrawal When the Borrower shall so desire to withdraw any amount from the Credit Account, the Borrower shall deliver to the Association a written application in such form, and containing such statements and agreements, as the Association shall reasonably request."

4. Section 6.03 is modified to read:

"Section 6.03. Cancellation by the Association

If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) at any time, the Association determines, after consultation with the Borrower, that an amount of the Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Credit, or (c) at any time, the Association determines, with respect to any Debt Purchase to be financed out of the proceeds of the Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit with respect to such Debt Purchase, without the Borrower having taken timely and appropriate action satisfactory to the Association to remedy the situation, and establishes the amount of expenditures in respect of such Debt Purchase which would otherwise have been eligible for financing out of the proceeds of the Credit, or (d) after the Closing Date, an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount or portion of the Credit shall be cancelled."

5. Section 9.06 shall be modified to read:

"Section 9.06. Records and Reports

(a) The Borrower shall: (i) maintain records and procedures adequate to record and monitor the progress of the Debt Restructuring Program (including its cost and the benefits to be derived from it), to identify the payments financed out of the proceeds of the Credit, and to disclose their use in the Debt Restructuring Program; (ii) enable the Association's representatives to examine the records and documents relevant to the performance of the obligations of the Borrower under the Development Credit Agreement; and (iii) furnish to the Association at regular intervals all such information as the Association shall reasonably request concerning the Debt Restructuring Program, its cost and, where appropriate, the benefits to be derived from it, the expenditure of the proceeds of the Credit and the payments financed out of the proceeds of the Credit.

(b) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and such detail as the Association shall reasonably request, on the carrying out of the Debt Restructuring Program, its cost and the benefits derived and to be derived from it, the performance by the Borrower of its obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit.

