

CONFORMED COPY

CREDIT NUMBER 2754 IVC

Development Credit Agreement

(Private Sector Energy Project)

between

REPUBLIC OF COTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 11, 1995

CREDIT NUMBER 2754 IVC

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 11, 1995, between REPUBLIC OF COTE D'IVOIRE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received a letter dated June 1, 1995 from the Borrower describing a program of actions, objectives and policies designed to improve the operation of the Borrower's power sector (hereinafter called the Program), and declaring the Borrower's commitment to the execution of the Program;

(C) Part B of the Project will be carried out by Compagnie Ivoirienne de Production d'Electricite (CIPREL) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to CIPREL a portion of the proceeds of the Credit as provided in this Agreement; 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 below (the General Conditions) constitute an integral part of this Agreement:

- (a) The last sentence of Section 3.02 is deleted;
- (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 member of the Bank 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) "Project Preparation Advance" means the project preparation advances granted by the Association to the Borrower pursuant to an exchange of letters dated May 7, 1993 and June 11, 1993, January 25, 1994 and March 9, 1994, and March 8, 1995 and March 28, 1995 between the Borrower and the Association.

(b) "Special Account" means the special deposit account referred to in Section 2.02 (b) of this Agreement.

(c) "Project Account" means the account referred to in Section 3.01 (e) of this Agreement.

(d) "Financing Agreement" means the agreement to be entered into between the Borrower and CIPREL pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes any schedules to the Financing Agreement.

(e) "DCGTx" means Direction et Controle des Grands Travaux, a societe d'etat, organized and operating under the laws of the Borrower.

(f) "CIPREL" means Compagnie Ivoirienne de Production d'Electricite, a societe anonyme organized and existing under the laws of the Borrower and operating in accordance with its Statutes.

(g) "General Agreement" means the agreement between the Borrower and CIPREL dated July 20, 1994, entitled "Convention pour la construction, l'exploitation et le transfert de propriete d'une centrale thermique de production d'electricite", as amended by Avenant No. 1 dated August 31, 1994.

(h) "EECI" means Societe Energie Electrique de la Cote d'Ivoire, a societe d'economie mixte en forme de societe anonyme organized and operating under the laws of the Borrower and the agreement between the Borrower and EECI dated December 12, 1990, entitled "Convention de gestion du patrimoine de

l'Etat relevant du secteur de l'electricite et de son developpement et devolution des pouvoirs de controle technique de son exploitation.

(i) "PETROCI" means "Societe Nationale d'Operations Petrolieres de Cote d'Ivoire", a societe d'etat organized and existing under the laws of the Borrower.

(j) "Project Unit" means the Groupe de Projet Energie Cote d'Ivoire-Banque mondiale, established and operating under the Borrower's Arrete No. 028 dated January 15, 1995, within the Borrower's ministry responsible for energy.

(k) "CIE" means "Compagnie Ivoirienne d'Electricite, a societe anonyme organized and existing under the laws of the Borrower.

(l) "Agreement regarding the Delivery of Electricity" means the agreement between CIE and CIPREL dated September 5, 1994, entitled "Protocole de livraison de l'energie electrique par la CIPREL au concessionnaire du service public".

(m) "Concession Agreement" means the agreement between the Borrower and CIE dated October 25, 1990, entitled "Convention de Concession du service public national de production, de transport, de distribution, d'exportation et d'importation de l'energie electrique", as amended by an amendment No. 1 dated December 3, 1993, an amendment No. 2 dated August 2, 1994 and an amendment No. 3 dated March 31, 1995.

(n) "Management Agreement" means the agreement between CIE and CIPREL dated October 26, 1994, entitled "Contrat d'exploitation de la nouvelle centrale de production d'energie electrique de Vridi.

(o) "CAA" means Caisse Autonome d'Amortissement, a public financial institution of the Borrower.

(p) "FNEE" means Fonds National de l'Energie Electrique, created under the Borrower's Decret No. 94-244 dated April 28, 1994 within CAA, and responsible for the financial management of the Borrower's power sector.

(q) "PSA" means all power sector assets owned by the Borrower.

(r) "fiscal year" means the period between October 1 and September 30.

(s) "Phase 1 lenders" means International Finance Corporation (IFC), Caisse Francaise de Developpement (CFD), Societe de Promotion et de Participation pour la Cooperation Economique (PROPARCO) and Banque Ouest-Africaine de Developpement (BOAD) which have entered into loan agreements with CIPREL for the financing of Phase 1 of the CIPREL Power Plant referred to in Part B of the Project.

(t) "CFAF" or "CFA Franc" means the currency of the Borrower.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to fifty million six hundred thousand Special Drawing Rights (SDR 50,600,000).

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 CFAF a special deposit account (hereinafter referred to as the Special Account) in CAA 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 December 31, 1999 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 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 per cent (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 June 1 and December 1 in each year.

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

(b) Whenever (i) the Borrower's gross national product

per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end:

- (i) shall carry out Parts A and C of the Project through the Project Unit, with the assistance of EECI, DCGTx and PETROCI, with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and public utility 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 such Parts A and C of the Project;
- (ii) the Borrower shall cause CIPREL to carry out Part B of the Project with due diligence and efficiency, in conformity with appropriate administrative, financial and engineering practices and the Financing Agreement and the General Agreement and with due regard to ecological and environmental factors; the Borrower shall provide, promptly as needed, the funds and other resources required for such Part B of the Project; and
- (iii) the Borrower shall maintain the Project Unit with membership and responsibilities satisfactory to the Association.

(b) The Borrower shall relend to CIPREL, a portion of the proceeds of the Credit, allocated from time to time to Categories (1) and (2) of the table set forth in paragraph 1 of Schedule 1 to this Agreement (the Subsidiary Loan), under a financing agreement to be entered into between the Borrower and

CIPREL, under terms and conditions which shall have been approved by the Association which shall include: (i) an interest rate of eight per cent (8%) per annum; (ii) a maturity of seventeen (17) years including a five-year grace period; and (iii) the principal amount of the Subsidiary Loan repayable by CIPREL shall be the equivalent in CFAF (such equivalent to be determined on the respective dates of withdrawal from the Credit Account) of the value of the currency or currencies so withdrawn from the Credit Account.

(c) The Borrower shall ensure that, in addition to the terms and conditions set forth in Section 3.01 (b) of this Agreement, the Financing Agreement shall incorporate the terms and conditions set forth in Schedule 4 to this Agreement.

(d) The Borrower shall exercise its rights under the Financing Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Financing Agreement or any provision thereof.

(e) Without any limitation upon the provisions of paragraph (a) of this Section, the Borrower shall, for the purposes of making available its contribution to Parts A and C of the Project: (i) open and thereafter maintain in CAA a Project Account; (ii) make an initial contribution in CFAF equivalent to \$200,000; and (iii) replenish said account at least on a quarterly basis up to the amount of the initial contribution or whenever its balance shall be less than the equivalent of \$50,000.

Section 3.02. (a) 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.

(b) The Borrower shall, within six months after the Effective Date, employ an auditing firm in accordance with the provisions of Section II of Schedule 3 to this Agreement to carry out the audit referred to in Section 4.01 (b) and (c) of this Agreement.

Section 3.03. (a) The Borrower shall carry out, jointly with the Association and CIPREL, not later than June 30, 1996, a review of the progress made in carrying out Part B of the Project. This review shall cover, among other things: (i) the performance of CIPREL in carrying out Part B of the Project; (ii) compliance with the record keeping, audit and other obligations of CIPREL under the Financing Agreement; (iii) the execution of Phase 2 of the CIPREL Power Plant; (iv) procurement under Part B of the Project; and (v) ecological and environmental factors.

(a) The Borrower shall carry out, jointly with the Association, not later than June 30, 1997, 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 CIPREL, EECI, DCGTx, PETROCI and the Project Unit in carrying out the Project; (ii) the extent to which the institutional objectives of the Project are being achieved; (iii) compliance with the financial, audit and other obligations of the Borrower, FNEE and CIPREL included in this Agreement and the Financing Agreement; (iv) the execution of Phase 2 of the CIPREL Power Plant and the complementary sector investments; (v) the evolution of the key performance indicators agreed upon with the Association; (vi) procurement under the Project; and (vi) ecological and environmental factors.

(b) The Borrower shall transmit to the Association, at

least thirty days prior to each such review, a report, in scope and detail satisfactory to the Association, prepared by the Project Unit, describing the status of progress regarding the items listed in paragraphs (a) and (b) above and of Project and Program implementation generally.

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

Section 3.04. Without limitation upon the provisions of Article IX of the General Conditions, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan, of such scope and in such detail as the Association shall reasonably request, for the future operation of the Project;

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

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

Section 3.05. Until the completion of the Project, the Borrower shall exchange views with the Association before undertaking any change in the organizational structure of the electricity sub-sector which may have a material or adverse impact on the objectives of the Project as set forth in Schedule 2 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of

statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special 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.

Section 4.02. The Borrower shall: (a) prepare and, not later than February 1, 1996, furnish to the Association, a comprehensive debt service schedule identifying each creditor under outstanding debt service and other contractual lending arrangements entered into by the Borrower in respect of PSA; and (b) by November 30 in each year, update said schedule in a manner satisfactory to the Association.

Section 4.03. The Borrower shall: (a) not later than June 30, 1996, settle all its arrears in electricity consumption in accordance with a schedule acceptable to the Association; and (b) as of November 1, 1995, settle all its current electricity consumption bills within three months of billing date.

Section 4.04. Until the completion of the Project, the Borrower shall: (a) prepare its power sector investment program for the following calendar year; (b) by October 1 of each year, furnish said program to the Association for its review; and (c) promptly thereafter adopt and carry out said program, taking due account of the Association's comments thereon.

Section 4.05. (a) Except as the Association shall otherwise agree, the Borrower shall cause FNEE to earn, for each fiscal year after its fiscal year ending on September 30, 1995, an annual return of not less than 8% on the average net value of PSA (fixed assets) in operation.

(b) Before November 30 in each fiscal year, the Borrower shall, on the basis of forecasts prepared by FNEE and satisfactory to the Association, review whether FNEE would meet the requirements set forth in paragraph (a) of this Section and Sections 4.06, 4.07 (a) and 4.08 (a) of this Agreement in respect of the fiscal year covered by such review and shall furnish to the Association the results of such review upon its completion.

(c) If any such review shows that FNEE would not meet the requirements set forth in paragraph (a) of this Section and Sections 4.06, 4.07 (a) and 4.08 (a) of this Agreement for the fiscal year covered by such review, the Borrower shall promptly take all necessary measures (including, without limitation, tariff adjustments) in order to meet such requirements;

provided, however, that adjustments shall not be included when the required tariff increase is less than 5% above the current average base tariff and the required tariff decrease is less than 10% below the current average base tariff (the average base tariff for fiscal year 1995 being CFAF 57.3 per kWh).

(d) For the purposes of this Section:

- (i) The annual return shall be calculated by dividing FNEE's net operating income for the fiscal year in question by one half of the sum of the current net value of PSA (fixed assets) in operation at the beginning and at the end of that fiscal year.
- (ii) The term "net operating income" means total operating revenues less total operating expenses.
- (iii) The term "total operating revenues" means all power sales revenues due by CIE and paid to FNEE.
- (iv) The term "total operating expenses" means all expenses related to PSA operations (excluding CIE's compensation), excluding administration, taxes and payments in lieu of taxes, and provision for depreciation on a straight-line basis at a rate of 3% per annum of the average gross value of PSA (fixed assets) in operation, or other basis acceptable to the Association, but excluding interest and other charges on debt.
- (v) The gross value of PSA (fixed assets) in operation shall be calculated as one half of the sum of the gross value of PSA (fixed assets) in operation at the beginning and at the end of the fiscal year, as valued from time to time in accordance with sound and consistently maintained methods of valuation satisfactory to the Association.
- (vi) The term "net value of PSA (fixed assets) in operation" means the gross value of PSA (fixed assets) in operation less the amount of accumulated depreciation, as valued from time to time in accordance with sound and consistently maintained methods of valuation satisfactory to the Association.
- (vii) The term "current average base tariff" means the total CFAF billings charged by CIE to its customers in the Borrower's territory divided by the corresponding number of kWh consumed by said customers, for the previous fiscal year.

Section 4.06. Except as the Association shall otherwise agree, the Borrower shall cause FNEE to maintain, for each fiscal year after the fiscal year ending on September 30, 1995, an operating ratio not higher than 0.85, calculated by dividing total operating expenses plus CIE's compensation by total operating revenues plus CIE's compensation. For the purposes of this Section, the definitions set forth in paragraph (d) of Section 4.05 of this Agreement shall apply.

Section 4.07. (a) Except as the Association shall otherwise agree, the Borrower shall ensure, on the basis of a reasonable forecast of revenues and expenditures of FNEE, that the estimated net revenues of FNEE for each fiscal year, shall be at least 1.5 times the estimated maximum debt service

requirements on all debt, including the debt to be incurred, in the power sector in such year.

(b) For the purposes of this Section:

- (i) The term "debt" means any indebtedness assigned by the Borrower to FNEE for the financing of PSA, maturing by its terms more than one year after the date on which it is originally incurred.
- (ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
- (iii) The term "net revenues" means the difference between:
 - (A) all power sales revenues due by CIE and paid to FNEE; and
 - (B) the sum of all expenses related to PSA operations (excluding CIE's compensation), including administration, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.
- (iv) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.
- (v) The term "reasonable forecast" means a forecast prepared by FNEE for the fiscal year in question and the next following fiscal year, which both the Association and the Borrower accept as reasonable and as to which the Association has notified the Borrower of its acceptability, provided that no event has occurred since such notification which has, or may reasonably be expected in the future to have, a material adverse effect on the financial condition or future operating results of FNEE.
- (vi) Whenever for the purposes of this Section and Section 4.08 of this Agreement, it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Association.

Section 4.08. (a) Except as the Association shall otherwise agree, the Borrower shall cause FNEE to produce, for each fiscal year after the fiscal year ending on September 30, 1995, funds from internal sources equivalent to not less than 20% of the annual average of FNEE's capital expenditures incurred, or expected to be incurred, for that year and the three next following calendar years.

- (b) For the purposes of this Section:
- (i) The term "funds from internal sources" means the difference between:
 - (A) all power sales revenues due by CIE and paid to FNEE; and
 - (B) the sum of all expenses related to PSA operations (excluding CIE's compensation), including administration, taxes and payments in lieu of taxes (excluding provision for depreciation and other non-cash operating charges), debt service requirements, all cash dividends and other cash distributions of surplus, and other cash outflows other than capital expenditures.
 - (ii) The term "capital expenditures" means all expenditures on account of PSA (fixed assets), including interest charged to construction, related to operations.
 - (iii) The definition set forth in paragraph (b) (iv) of Section 4.07 of this Agreement shall apply.

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) CIPREL shall have failed to perform any of its obligations under the Financing Agreement.
- (b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that CIPREL will be able to perform its obligations under the Financing Agreement.
- (c) The General Agreement, the Agreement regarding the Delivery of Electricity, the Management Agreement, the Concession Agreement, or CIPREL Statutes, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of CIPREL to perform any of its obligations under the Financing Agreement.
- (d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of CIPREL or for the suspension of its operations.
- (e) A situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- (f) Any event of default shall have been declared by any of the Phase 1 lenders under their respective loan agreements entered into with CIPREL.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

- (a) any event specified in paragraphs (a) and (f) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower;

(b) any event specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur.

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 Financing Agreement has been executed on behalf of the Borrower and CIPREL;

(b) amendments to the General Agreement, other existing agreements and loan agreements with Phase 1 lenders regarding the number and capacity of gas turbines for Phase 2 of the CIPREL Power Plant referred to in Part B of the Project have been made in a manner satisfactory to the Association;

(c) an operations manual ensuring the implementation of the Project, in accordance with the provisions of this Agreement, acceptable to the Association, has been adopted by the Project Unit; and

(d) the Borrower has opened the Project Account and deposited thereinto an amount equivalent to \$200,000.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely that the Financing Agreement has been duly authorized or ratified by the Borrower and CIPREL and is legally binding upon the Borrower and CIPREL in accordance with its terms.

Section 6.03. 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.

Section 6.04. The obligations of the Borrower under Article IV of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date twenty years after the date of this Agreement, whichever shall be the earlier.

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, Finance and Planning
B.P. V 125
Abidjan
Republic of Cote d'Ivoire

Cable address:

MINFIN
Abidjan

Telex:

23747 MINFIN

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

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

REPUBLIC OF COTE D'IVOIRE

By /s/ Moise Koumoue Koffi
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox
Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be financed
Part B of the Project		
(1) Power plant	30,650,000	100% of foreign expenditures and 80% of local expenditures
(2) Engineering services	1,080,000	100%
Parts A and C of the Project		
(3) Transmission and substations	10,790,000	100% of foreign expenditures and 80% of local expenditures
(4) Equipment		

and vehicles	420,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
(5) Consultants' services and training	4,280,000	100%
(6) Refunding of Project Preparation Advance	1,270,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(7) Unallocated	2,110,000	
	50,600,000	
TOTAL	50,600,000	

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; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which the goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures".

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

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods, works and training under contracts not exceeding \$200,000 equivalent, and for expenditures for consultants' services under contracts not exceeding \$100,000 for the employment of consulting firms and \$50,000 for the employment of individual consultants, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (i) to continue to restructure the power sector institutions in the territory of the Borrower, develop an appropriate regulatory framework and strengthen institutional capabilities, thus inducing private sector participation in a competitive manner; (ii) to improve power supply reliability, reduce environmental impacts and reduce the cost of electricity by supporting gas-fired capacity using natural gas developed under a private sector build, own, operate and transfer (BOOT) arrangement; and (iii) to enhance operational reliability and efficiency of the Borrower's power sector through reinforcement and improvements of the transmission system.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association

may agree upon from time to time to achieve such objectives:

PART A: Institutional Development

1. Carrying out of a power sector management study, including:

- (a) the review of the distribution of sector responsibilities;
- (b) the development of a power sector regulatory framework;
- (c) an assessment of manpower planning and training requirements; and
- (d) proposals for the implementation of the recommendations of said study.

2. Carrying out of a power system investment, operations and pricing study, including:

- (a) the preparation of a medium and long-term load forecast (including scope for demand management);
- (b) the development of least-cost system expansion (generation, transmission, distribution and loss reduction); and
- (c) the carrying out of a tariff study (including revaluation of major fixed assets and pricing formulae).

3. Development of measures to encourage privatization in the power sector, including:

- (a) standard bidding documents; and
- (b) the carrying out of a study to determine the future role of the steam thermal generating units located at Vridi.

4. Carrying out of studies in the hydrocarbon sub-sector, including:

- (a) the development of hydrocarbon production and distribution system planning; and
- (b) the promotion of butane utilization and implementation arrangements therefor.

PART B: Generation Expansion - Phase 2 of the CIPREL Power Plant

Supply and erection of one or two identical gas turbines with a total capacity between 75 and 105 megawatts approximately ISO conditions at the CIPREL Power Plant located at Vridi.

PART C: Complementary Sector Investments

1. Extension of the 90 kilovolt substation at Vridi to accommodate the additional capacity of the Power Plant referred to in Part B of the Project.

2. Reinforcement of the transmission system around Abidjan in order to improve system reliability in case of loss of the 225 kilovolt transmission line, including:

- (a) extension of the 90 kilovolt transmission system between Treichville and Plateau substations (comprising two circuits of 90 kilovolt cables of about 4 km each and associated substation equipment);

(b) tapping the 90 kilovolt transmission line between Bia Sud and Ayame at Riviera substation and extension of said substation;

(c) rebuilding the Treichville 90/15 kilovolt substation;
and

(d) replacement of some 60 km of 15 kilovolt paper-insulated cables.

* * *

The Project is expected to be completed by June 30, 1999.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

Except as 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.

Part C : Other Procurement Procedures

1. Limited International Bidding

Equipment and vehicles estimated to cost \$200,000 equivalent or less per contract, and \$350,000 equivalent or less in the aggregate, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

2. International or National Shopping

Goods estimated to cost \$50,000 equivalent or less per contract, and \$300,000 equivalent or less in the aggregate, may be procured under contracts awarded on the basis of international or national 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 invitation 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 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

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions 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). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms acceptable to the Association.

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 (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each, or (b) contracts for the employment of individuals estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Association review shall not apply to (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Association, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

SCHEDULE 4

Terms and Conditions of Financing Agreement Required

Pursuant to Section 3.01 (c) of this Agreement

1. The terms and conditions of the Financing Agreement shall include the following obligations of CIPREL to:

a) carry out Part B of the Project with due diligence and efficiency, in conformity with appropriate administrative, financial and engineering practices and the General Agreement, with due regard to ecological and environmental factors, and in accordance with the operations manual referred to in Section 6.01 (c) of this Agreement; and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for Part B of the Project;

b) comply with the procedures for procurement of goods and works set forth in Section 3.02 (a) of this Agreement;

c) comply with record keeping, auditing and report requirements set forth in Section 4.01 of this Agreement, with respect to Part B of the Project, including the annual auditing of its accounts and financial statements (balance sheets, statements of income and expenses and related statements);

d) carry out its operations and conduct its affairs in accordance with sound administrative, financial and engineering practices;

e) take out and maintain with responsible insurers, or

make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;

f) without any limitation to the provisions of the General Agreement, carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part B of the Project;

(i) not later than July 31, 1996, participate in the review of the progress made in carrying out Part B of the Project, and

(ii) thereafter prepare and implement an action plan, satisfactory to the Association, for the further implementation of Part B of the Project;

h) at the request of the Borrower or the Association, exchange views with the Borrower and the Association with regard to the progress of Part B of the Project, the performance of its obligations under the Financing Agreement, and other matters relating to the purposes of the Subsidiary Loan;

i) promptly inform the Borrower and the Association of any condition which interferes or threatens to interfere with the progress of Part B of the Project, the accomplishment of the purposes of the Subsidiary Loan, or the performance by CIPREL of its obligations under the Financing Agreement; and

j) except as the Borrower and the Association shall otherwise agree, neither take nor concur in any action which would have the effect of amending, abrogating, assigning or waiving the Financing Agreement or any provision thereof.

2. In addition, as security for the repayment of the Subsidiary Loan, and payment of all interest thereon and all other sums which may be due under the Financing Agreement, CIPREL shall be required to pledge the equipment required for Part B of the Project to be listed in an annex to the Financial Agreement (the Equipment), in favor of the Borrower, in the form of a Nantissement de Materiel et d'Outillage under terms and conditions which shall have been approved by the Association;

3. The Financing Agreement shall include a provision stipulating that in case of conflict between the Financing Agreement and this Agreement, the latter shall apply.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means the following Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

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

(c) the term "Authorized Allocation" means an amount equivalent to \$1,000,000, to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that

unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$500,000 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 24,800,000.

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 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 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, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

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

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

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

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

