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CREDIT NUMBER 3863 WAF

# Development Credit Agreement

(West African Economic and Monetary Union Capital Market Development  
Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

BANQUE OUEST AFRICAINE DE DEVELOPPEMENT

Dated *April 24*, 2004

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CREDIT NUMBER 3863 WAF

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 24, 2004, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and BANQUE OUEST AFRICAINE DE DEVELOPPEMENT (the Borrower) and.

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) *Conseil Régional de l'Epargne Publique et des Marchés Financiers* (CREPMF, as hereinafter defined) intends to contract from the French Ministry of Foreign Affairs (FMFA) a grant in an amount equal to about two million Euros (€2,000,000) to assist in financing Parts A.2 and A.3 of the Project on the terms and conditions set forth in an agreement to be entered into between CREPMF and FMFA (the FMFA/CREPMF Grant Agreement);

(C) CREPMF intends: (i) to contract from the French Development Agency (FDA) a grant in an amount equal to about five million Euros (€5,000,000) (the FDA/CREPMF Grant) to assist in financing Parts A.1 (c), A.2 and A.3 of the Project on the terms and conditions set forth in an agreement to be entered into between CREPMF and FDA (the FDA/CREPMF Grant Agreement); (ii) to conclude an agreement (the CREPMF/BOAD Subsidiary Grant Agreement) with the Borrower under which it shall transfer to the Borrower as a grant part of the FDA/CREPMF Grant in an amount equal to about six hundred fifty thousand Euros (€650,000) (the CREPMF/BOAD Grant) to assist in financing Part A.1 (c) of the Project; and (iii) to conclude an agreement (the CREPMF/UEMOA Commission Subsidiary Grant Agreement) with the Commission of the *Union Economique et Monétaire Ouest Africaine* (the UEMOA Commission, as hereinafter defined) under which it shall transfer to the UEMOA Commission as a grant part of the FDA/CREPMF Grant in an amount equal to about five hundred thirty thousand Euros (€530,000) to assist in financing Part A.3 (c) of the Project;

(D) CREPMF intends to contract from the Canadian International Development Agency (CIDA) a grant in an amount equal to about three million one hundred thousand Canadian Dollars (CAD 3,100,000) to assist in financing Parts A.2 and A.3 of the Project on the terms and conditions set forth in an agreement to be entered into between CREPMF and CIDA (the CIDA/CREPMF Grant Agreement); and

(E) by a guarantee facility agreement of even date herewith (the Guarantee Facility Agreement) among the states referred to therein, FDA, the Association, the Multilateral Investment Guarantee Agency (MIGA), and the Borrower, (i) FDA has agreed, on the terms and conditions set forth or referred to therein, to make available to the states referred to therein in Section 1.02 (n) of this Agreement (the Member States, as

hereinafter defined) a guarantee facility in a maximum amount up to seventy million Euros (€70,000,000) (the FDA Guarantee Facility); (ii) the Association has agreed, on the terms and conditions set forth or referred to therein, to make available to the Member States a guarantee facility in a maximum amount in various currencies up to forty eight million seven hundred thousand Special Drawing Rights (SDR 48,700,000) (the IDA Guarantee Facility); and (iii) MIGA has agreed, on the terms and conditions set forth or referred to therein, to make available to the states referred to in Section 1.02 (p) of this Agreement (the MIGA Member States, as hereinafter defined), a guarantee facility in a maximum amount up to seventy million Dollars (\$70,000,000) (the MIGA Guarantee Facility); all to assist in the financing of the sub-projects referred to in the Guarantee Facility Agreement under Part C of the Project;

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

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth in Schedule 7 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:

(a) "BCEAO" means *Banque Centrale des Etats de l'Afrique de l'Ouest*, the Central Bank for West Africa States, established and operating under its by-laws annexed to the Treaty constituting *Union Monétaire Ouest Africaine*, (UMOA), the West African Monetary Union, dated November 14, 1973, pursuant to which the member states to said Treaty established BCEAO as per its Article 15, as amended to the date of this Agreement;

(b) "BRVM" means *La Bourse Régionale des Valeurs Mobilières, S.A.*, the Regional Stock Exchange, a limited liability company established and operating under the laws of the Republic of Cote d'Ivoire and its by-laws dated September 16, 1996, as amended to the date of this Agreement;

(c) "Canadian Dollar" or "CAD" means the lawful currency of Canada;

(d) "CFA Francs" or "CFAF" means *Franc de la Communauté Financière d'Afrique*, the lawful currency of the Member States (as hereinafter defined);

(e) "Commercial Financial Intermediaries" means the Stockbrokers (as hereinafter defined), and the portfolio management companies and investment advisors established and operating under the laws of any of the Member States;

(f) "CREPMF" means *Conseil Régional de l'Epargne Publique et des Marchés Financiers*, the Regional Council for Public Savings and Financial Markets established by the member states of UEMOA (as hereinafter defined) and operating under its constituting agreement dated July 3, 1996, as amended to the date of this Agreement;

(g) "DCBR" means *Dépositaire Central/Banque de Règlement, S.A.*, the regional Central Depository/Settlement Bank, a limited liability company established and operating under the laws of the Republic of Cote d'Ivoire and its by-laws dated December 16, 1996, as amended to the date of this Agreement;

(h) "Environmental and Social Management Framework" means the document, satisfactory to the Association, consisting of: (i) a framework outlining the modalities for environmental screening and rules and procedures for the preparation and implementation of environmental assessments to be complied with, as the case may be, prior to carrying out a Road Project (as hereinafter defined); and (ii) modalities for social analysis and a resettlement policy framework outlining the modalities for land acquisition, resettlement and rehabilitation of displaced persons under a Road Project;

(i) "Euro" or "€" means the lawful common currency of member states of the European Union who adopt the single currency in accordance with the Treaty establishing the European Currency, as amended to date by the Treaty on European Union;

(j) "FDA Guarantee" means either a non-accelerable partial risk guarantee, or a comprehensive guarantee, as the case may be, provided or to be provided under Part C of the Project by FDA, in accordance with the provisions of the Guarantee Facility Agreement in favor of a private party providing financing to a sub-project against debt service default resulting from the non-fulfillment by a Member State of its payment obligations relating to or arising from the sub-project documentation, in the case of a partial risk guarantee, and against commercial risks related to a sub-project, in the case of a comprehensive guarantee;

(k) "Financial Monitoring Report" or "FMR" means each report prepared in accordance with Section 4.02 of this Agreement;

(l) "Guarantee Facility Guidebook" means the manual which sets out the operating policies, rules and procedures which shall be applied and observed by the Borrower in connection with the implementation of the FDA Guarantee Facility, the IDA

Guarantee Facility and the MIGA Guarantee Facility and related matters, referred to in paragraph A.1 of Schedule 4 to this Agreement and adopted pursuant to Section 6.01 (a) of this Agreement, as the same may be amended from time to time with the prior approval of FDA, the Association and MIGA, and such term includes any schedules to the Guarantee Facility Guidebook;

(m) "IDA Guarantee" means a non-accelerable partial risk guarantee provided or to be provided under Part C of the Project by the Association, in accordance with the provisions of the Guarantee Facility Agreement in favor of a private party providing financing to a sub-project against debt service default resulting from the non-fulfillment by a Member State of its payment obligations relating to or arising from the sub-project documentation;

(n) "Member States" means the following member states of UEMOA (as hereinafter defined): the Republic of Benin, Burkina Faso, the Republic of Cote d'Ivoire, the Republic of Guinea-Bissau, the Republic of Mali, the Republic of Niger, the Republic of Senegal and the Togolese Republic;

(o) "MIGA Guarantee" means a contract of guarantee provided or to be provided under Part C of the Project by MIGA, in accordance with the provisions of the Guarantee Facility Agreement in favor of a sponsor or a lender to a sub-project against political risks related to such sub-project;

(p) "MIGA Member States" means the following member states of MIGA: the Republic of Benin, Burkina Faso, the Republic of Cote d'Ivoire, the Republic of Mali, the Republic of Senegal and the Togolese Republic;

(q) "Project Coordination Unit" means the coordination unit for the Project to be established pursuant to Section 6.01 (e) of this Agreement, and referred to in paragraph A.3 of Schedule 4 to this Agreement;

(r) "Project Implementation Manual" means the manual outlining, inter alia, the operational, institutional, disbursement and procurement arrangements for the implementation of Parts A, B and D of the Project, referred to in paragraph A.1 of Schedule 4 to this Agreement and adopted pursuant to Section 6.01 (a) of this Agreement, as the same may be amended from time to time, and such term includes any schedules to the Project Implementation Manual;

(s) "Project Year" means the twelve-month period beginning from the Effective Date and ending twelve months thereafter (the First Project Year) and any twelve-month period beginning at the end of the First Project Year, or at the end of any subsequent Project Year;

(t) "Road Project" means a specific road project to be carried out by a Member State utilizing the proceeds of a Sub-loan (as hereinafter defined);

(u) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(v) "Statement of Policy" means the Statement of Lending and Investment Policy approved on September 24, 1974, by the Ministerial Committee responsible for the reform of the *Union Monétaire Ouest Africaine*, as amended to the date of this Agreement;

(w) "Statutes" means the by-laws of the Borrower approved on December 4, 1973, as amended to the date of this Agreement;

(x) "Steering Committee" means the steering committee for the Project to be established pursuant to Section 6.01 (f) of this Agreement and referred to in paragraph A.3 of Schedule 4 to this Agreement;

(y) "Stockbrokers" means the stockbrokers (*sociétés de gestion et d'intermédiation*) established and operating under the laws of any of the Member States;

(z) "Sub-loan" means a loan made or proposed to be made by the Borrower out of the proceeds of the Credit to a Member State for the financing of works and consultants' services for a Road Project;

(aa) "Subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned or effectively controlled by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries;

(bb) "UEMOA" means *Union Economique et Monétaire Ouest Africaine*, the West African Economic and Monetary Union, established pursuant to a Treaty dated January 10, 1994 completing the Treaty referred to in Section 1.02 (a) above, for the promotion of regional integration among the Member States; and

(cc) "UEMOA Commission" means the Commission referred to in Articles 16 and 26 to 34 of the Treaty referred to in Section 1.02 (bb) above.

## 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 sixty seven million Special Drawing Rights (SDR 67,000,000), for the financing of the Project.

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: (i)

amounts paid (or, if the Association shall so agree, amounts to be paid) by the Borrower on account of withdrawals made by a Member State under a Sub-loan to meet the reasonable cost of goods, works and services required for the Road Project in respect of which the withdrawal from the Credit Account is requested; and (ii) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for Parts A.1 and D of the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of Parts A.1 and D of the Project, open and maintain in CFA Francs a separate special account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be September 30, 2009 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 March 1<sup>st</sup> and September 1<sup>st</sup> 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 March 1<sup>st</sup> and September 1<sup>st</sup> commencing March 1<sup>st</sup>, 2014 and ending September 1<sup>st</sup>, 2043. Each installment to and including the installment payable on September 1<sup>st</sup>, 2023 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 sum of the per capita gross national product (GNP), of the Member States, each weighted by the respective population of such Member States, 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 any Member State'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 economic condition of the Member States 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.1, B, C and D of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and environmental practices, and with the Statutes and Statement of Policy, 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: (i) Parts A.1, B and D of the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement; and (ii) Part C of the Project in accordance with the Guarantee Facility Guidebook.

Section 3.02. Except as the Association shall otherwise agree, (i) procurement of the goods, works and consultants' services required for Parts A.1, B and D of 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; and (ii) the qualifications, experience and terms of reference for the consultants required for Parts A.2 and A.3 of the Project shall be satisfactory to the Association.

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 for the future operation of the Project; and

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

Section 3.04. (a) The Borrower undertakes that, unless the Association shall otherwise agree, Sub-loans will be made in accordance with the procedures and on the terms and conditions set forth or referred to in Schedule 4 to this Agreement and in more details in the Project Implementation Manual.

(b) The Borrower shall exercise its rights in relation to each Road Project in such manner as to: (i) protect the interests of the Association and of the Borrower; (ii)

comply with its obligations under this Agreement; and (iii) achieve the purposes of the Project.

Section 3.05. The Borrower shall furnish to the Association at regular intervals all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the Member States, and the Road Projects, including semiannual reports on the status of projects under preparation, the Sub-loans and, where appropriate, the benefits to be derived from the foregoing.

Section 3.06. The Borrower shall duly perform all its obligations under agreements which funds have been lent or otherwise put at the disposal of the Borrower by any of the Member States or others for relending, investment or management. The Borrower shall promptly inform the Association of any action which would have the effect of assigning or of amending, abrogating or waiving any material provision of any such agreement.

Section 3.07. If the Borrower establishes or acquires any Subsidiary, the Borrower shall cause such Subsidiary to observe and perform the obligations of the Borrower hereunder to the extent to which such obligations shall or may be applicable thereto, as though such obligations were binding upon such Subsidiary.

Section 3.08. The Borrower shall ensure that by the date of the Mid-Term Review (as defined in paragraph C. 2 of Schedule 4 to this Agreement), it has been rated by an international rating agency satisfactory to the Association.

#### 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 accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

- (i) have its financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for the Special Account for each fiscal year (or other period agreed to by the Association), audited, in accordance with consistently applied auditing standards acceptable to the Association, 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 (or such other period agreed to by the Association), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Association), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and
  - (iii) furnish to the Association such other information concerning such records and accounts, and the audit of such financial statements and such records and accounts, 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 statements of expenditure, the Borrower shall:
- (i) retain, until at least one year after the Association has received the audit report for, or covering, 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;
  - (ii) enable the Association's representatives to examine such records; and
  - (iii) ensure that such statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Association), referred to in paragraph (b) of this Section.

Section 4.02. (a) The Borrower shall not make any repayment in advance of maturity in respect of any outstanding debt of the Borrower which, in the judgment of the Association, would materially affect the Borrower's ability to meet its financial obligations.

(b) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt, if after the incurrence of such debt: (i) the ratio of debt to equity shall be greater than 1 to 3; and (ii) the ratio of debt to callable capital shall be greater than 1 to 1.

(c) For the purposes of this Section:

- (i) The term "debt" means any indebtedness of the Borrower 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, and to the extent, the amount of such debt has become outstanding pursuant to such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into but only to the extent that the guaranteed debt is outstanding.
- (iii) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and reserves of the Borrower not allocated to cover specific liabilities.
- (iv) The term "callable capital" means the total subscribed capital of the Borrower minus the called capital of the Borrower.
- (v) Whenever for the purposes of this Section 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 4.03. (a) The Association and the Borrower shall from time to time, at the request of either party, but at least annually, exchange views with respect to the administration, operations, financial condition and financial forecasts of the Borrower and its Subsidiaries, including its interest rate structure and the rationale therefore, and the Borrower shall furnish to the Association all such information as the Association shall reasonably request concerning any of these matters.

(b) The Borrower shall every two years and within six months of the end of its relevant fiscal year: (i) have a comprehensive review of its portfolio carried out by independent auditors acceptable to the Association; and (ii) furnish to the Association a copy of the report prepared by such auditors.

## ARTICLE V

### Remedies of the Association

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

- (a) any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable;
- (b) a change shall have been made in the Statutes or the Statement of Policy which would materially and adversely affect the operations or the financial condition of the Borrower;
- (c) a resolution shall have been passed for the dissolution or liquidation of the Borrower;
- (d) the documents governing the composition and operations of the Project Coordination Unit, or the documents governing the composition and operations of the Steering Committee shall have been amended, suspended, abrogated, repealed or waived so to materially and adversely affect the implementation of the Project;
- (e) a Subsidiary or any other entity shall have been created or acquired or taken over by the Borrower, if such creation, acquisition or taking over would adversely affect the conduct of the Borrower's business or the Borrower's financial condition or the efficiency of the Borrower's management and personnel or the carrying out of the Project;
- (f)
  - (i) subject to subparagraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of the CREPMF/BOAD Grant shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the CREPMF/BOAD Subsidiary Grant Agreement;
  - (ii) subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its obligations under the CREPMF/BOAD Subsidiary Grant Agreement ; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement;

(g) FDA, the Association or MIGA, as the case may be, shall have suspended or cancelled, in whole or in part, the FDA Guarantee Facility, the IDA Guarantee Facility or the MIGA Guarantee Facility, respectively;

(h) FDA, the Association or MIGA, as the case may be, shall have made payment pursuant to any FDA Guarantee, any IDA Guarantee or any MIGA Guarantee, respectively; and

(i) the Borrower shall have failed to comply with any of its obligations under the Guarantee Facility Agreement.

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

(a) any events specified in paragraphs (a), (b), (c) and (d) of Section 5.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Borrower;

(b) any event specified in paragraphs (e), (g), (h) and (i) of Section 5.01 of this Agreement shall occur; and

(c) the event specified in paragraph (f) (i) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (f) (ii) of that Section.

## 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 has adopted the Project Implementation Manual and the Guarantee Facility Guidebook, both in form and substance satisfactory to the Association,

(b) the FMFA/CREPMF Grant Agreement, the FDA/CREPMF Grant Agreement, the CREPMF/BOAD Subsidiary Grant Agreement, the CREPMF/UEMOA Commission Subsidiary Grant Agreement and the CIDA/CREPMF Grant Agreement have been executed and delivered and all conditions precedent to their effectiveness or to the right of CREPMF, the Borrower or the UEMOA Commission, as the case may be, to make withdrawals thereunder, except only the effectiveness of the Development Credit Agreement, have been fulfilled;

(c) the Guarantee Facility Agreement has been executed and delivered and all conditions precedent to the right of the states referred to therein or of the Borrower to

request the issuance of any FDA Guarantee, any IDA Guarantee or any MIGA Guarantee, as the case may be, except only the effectiveness of the Development Credit Agreement, have been fulfilled;

(d) the Borrower has employed three key staff for the Project Coordination Unit, namely a procurement specialist, an accountant and an administrative assistant, all in compliance with the provisions of Section II of Schedule 3 to this Agreement;

(e) the Project Coordination Unit has been established in a manner satisfactory to the Association and pursuant to documentation in form and substance satisfactory to the Association; and

(f) the Steering Committee has been established in a manner satisfactory to the Association and pursuant to documentation in form and substance satisfactory to the Association.

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

## ARTICLE VII

### Representative of the Borrower; Addresses

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

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

For the Association:

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

Cable address:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI) or  
64145 (MCI)

(202) 477-6391

For the Borrower:

Banque Ouest Africaine de Développement  
B.P. 1172  
Lome  
Togolese Republic

Facsimile:

(228) 221 52 67  
(228) 221 79 69

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.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

BANQUE OUEST AFRICAINE DE DEVELOPPEMENT

By



Authorized Representative



## 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) Sub-loans	61,900,000	62% of amounts disbursed by the Borrower
(2) Goods and vehicles under Parts A.1 and D of the Project	400,000	100%
(3) Consultants' services, audits and Training under Parts A.1 and D of the Project	4,100,000	100%
(4) Operating Expenses under Parts A.1 and D of the Project	200,000	100%
(5) Unallocated	400,000	
TOTAL	<u>67,000,000</u>	

2. For the purposes of this Schedule:

(a) the term "Operating Expenses" means the incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, vehicles operation and maintenance, communication costs, transport, travel and accommodation, per diem, supervision costs, and recruitment costs and salaries of contracted staff, but excluding salaries of officials of the civil service of any Member State; and

(b) the term "Training" means the expenses incurred on per diem, travel, purchase of training materials, training fees and rental of facilities, and includes workshops and seminars.

3. It is understood that the percentages of expenditures to be financed under the table set forth in paragraph 1 of this Schedule have been calculated on the basis of the provisions of Article 38 of the Statutes, which provide for an exemption of any kind of direct and indirect taxes levied in the Member States on goods and services for the Borrower. If any change is made to said Statutes, which would have the effect of levying any kind of direct or indirect taxes on such goods and services, the percentages referred to above shall be decreased in accordance with the provisions of Section 5.08 of the General Conditions.

4. 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.

5. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods costing less than \$250,000 equivalent per contract; (b) for services of individual consultants costing less than \$50,000 equivalent per contract; (c) for services of consulting firms under contracts costing less than \$100,000 equivalent per contract; and (d) Operating Expenses, all 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 to assist the Borrower in developing the UEMOA capital market and in mobilizing public and private financing for the infrastructure development in such region.

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: Technical Assistance and Institutional Strengthening

##### 1. The Borrower

(a) Strengthening of the institutional and technical capacities of the Borrower in order to improve its productivity through: (i) the provision of technical advisory services and training for, inter alia, the following subject matters: resource mobilization, asset and liability management, personnel management, financial management, data processing, risk analysis, bank management, financial market management, business law, stock market operations, project monitoring and evaluation, project appraisal and supervision, management of environmental and social impacts of projects, implementation and monitoring of the implementation of the Environmental and Social Management Framework, human resource management, insurance, guarantees, analytical and cost accounting, lending and financing operations, cash management and management of foreign currency accounts; and (ii) carrying out of studies, and implementation of the conclusions of such studies through the provision of technical advisory services, regarding, inter alia, the separation of the commercial and non-commercial activities of the Borrower, the revamping of its organizational chart, the improvement of its financial transparency and its control over operating expenditures, and the diversification of its activities by the identification of new financial products and sources of revenues; in relation with the foregoing, acquisition of goods and equipment and carrying out of workshops and seminars.

(b) Strengthening of the institutional and technical capacities of the Borrower in order to become a reference rate bond issuer in the UEMOA capital market through: (i) the provision of technical advisory services and training for, inter alia, the following subject matters: internal procedures improvement, risk monitoring, security of fund movements, consolidation of applicable policies, establishment of a structure and tools for asset and liability management and financial risk management, strengthening of the structure for monitoring counterpart risks, enhancement of issuance and auction management skills, and establishment of a scheme that would allow dealers to engage in bonds repos transactions with non-financial corporations; and (ii) the carrying out of annual reviews of the Borrower's credit rating, and implementation of the conclusions of

such reviews through the provision of technical advisory services; in relation with the foregoing, acquisition of goods and equipment and carrying out of workshops and seminars.

(c) Strengthening of the technical capacities of the Borrower in order to prepare the sub-projects to be covered under a FDA Guarantee, an IDA Guarantee or a MIGA Guarantee through the provision of technical advisory services and training for, inter alia, the following subject matters: risk mitigation techniques, product leveraging, analysis of sub-projects, and FDA Guarantees, IDA Guarantees and MIGA Guarantees; in relation with the foregoing, acquisition of goods and equipment and carrying out of workshops and seminars.

2. CREPMF

Strengthening of the institutional and technical capacities of CREPMF through:

(a) the provision of technical advisory services and training for, inter alia, the following subject matters: upgrading of the regulatory framework applicable to the capital market, compilation and publication of market rules and practices, promotion of capital market activities, establishment of a credit rating system for companies in the market, awareness campaigns for capital market activities, preparation of a regulatory framework for quote-driven trading for bonds, introduction of over-the-counter operations, preparation of a code of conduct for CREPMF and market intermediaries, preparation of a regulatory and supervision framework for the market including prudential rules for market participants; preparation and implementation of an accounting plan for the Stockbrokers, and establishment of a website; and (b) carrying out of studies, and implementation of the conclusions of such studies through the provision of technical advisory services, regarding, inter alia, the statutes and internal regulations of CREPMF, financial market competitiveness, identification and launching of new financial products, review of conditions of access to financial market, reform of guarantee requirements, fiscal incentives, and alignment of the practices of CREPMF with international norms; in relation with the foregoing, acquisition of goods and equipment and carrying out of workshops and seminars.

3. Other Key Capital Market Institutions

(a) Provision of training and carrying out of seminars and workshops on capital market activities by BCEAO to the staff of the Borrower, CREPMF, BRVM, the Stockbrokers, representatives of the Member States, commercial banks, insurance companies, pension funds, leasing companies and the general public; in relation to the foregoing, provision of technical advisory services to BCEAO and acquisition of goods and equipment.

(b) Provision of technical advisory services to BRVM to prepare, in coordination with CREPMF, a regulatory framework for quote-driven trading of bonds and the establishment of a new market section for small and medium size enterprises; in

relation to the foregoing, carrying out of workshops, seminars and awareness and sensitization campaigns.

(c) Provision of technical advisory services to the UEMOA Commission and carrying out of studies to: (i) harmonize the tax regimes across the Member States applicable to capital market operations, products and instruments; and (ii) implement all or part of privatization of state owned enterprises through the stock market; in relation with the foregoing, acquisition of goods and equipment and carrying out of workshops and seminars.

Part B: Financing of Road Projects

Financing of Road Projects through Sub-loans to Member States in furtherance of such corporate purposes of the Borrower as are provided in the Statutes and Statement of Policy.

Part C: Guarantee Facilities

Support to the Borrower and to the Member States to catalyze foreign private investments to finance small- and medium-sized infrastructure sub-projects or other sub-projects agreed by FDA, the Association or MIGA, as the case may be, by mitigating political risks or, in the case of FDA only, commercial risks as well, through the provision of FDA Guarantees, IDA Guarantees and MIGA Guarantees, respectively.

Part D: Supporting Project Management

1. Support to the Project Implementation Unit and the Steering Committee through the provision of training and advisory services in particular for carrying out the coordination of capital market-oriented actions by the various key capital market players, and the acquisition of equipment and vehicles.
2. Carrying out financial and technical audits of the Project and the Borrower.

\* \* \*

The Project is expected to be completed by March 31, 2009.

### SCHEDULE 3

#### Procurement

##### 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 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

###### 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 to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part 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

Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$490,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines. The invitation to bid for each contract shall be advertised in all the Member States.

###### 2. International Shopping

Goods estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may be procured under contracts awarded 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 the two first contracts for works, and with respect to each contract for goods estimated to cost the equivalent of \$250,000 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

Consultants' services shall be procured in accordance with the provisions of Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Schedule.

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

2. The following provision 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 for audits, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely consultants from the Member States in accordance with the provisions of paragraph 2.7 and footnote 8 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for 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 for studies under Part A of the Project estimated to cost less than \$20,000 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 of individual consultants for: (a) tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines; and (b) tasks that meet the requirements set forth in paragraph 5.4 of the Consultant Guidelines may be selected on a sole-source basis in accordance with the provisions of paragraphs 5.3 and 5.4 of the Consultant Guidelines, subject to prior approval of the Association.

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

1. Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Association for its review and approval prior to the issuance to consultants of any requests for proposals. Such plan shall be updated every twelve months during the execution of the Project, and each such updating shall be furnished to the Association for its review and approval. Selection of all consultants' services shall be undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Association.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms under Parts A.1 and D of the Project estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to the two first contracts for the employment of consulting firms for the supervision and inspection of Road Projects under Part B of the Project, the



procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants to be selected on a sole source basis, or estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, the 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. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

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

#### A. Overall Project Implementation

1. Except as the Association shall otherwise agree, the Borrower shall: (a) apply the criteria, policies, procedures and arrangements set out in the Project Implementation Manual, the Environmental and Social Management Framework and the Guarantee Facility Guidebook; and (b) not amend or waive, or permit to be amended or waived, the Project Implementation Manual, the Environmental and Social Management Framework or the Guarantee Facility Guidebook, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.

2. During the execution of the Project, the Borrower shall cause: (a) the Steering Committee to meet bi-annually; and (b) the Project Implementation Unit to prepare for the Steering Committee, not later than two weeks before such meetings, a report regarding the implementation of the Project during the preceding semester.

3. The Borrower shall, at all times during the execution of the Project:

(a) ensure that: (i) the Steering Committee provide guidance on the overall planning, implementation and supervision of the Project and be consulted regularly during implementation of the Project; and (ii) the Project Implementation Unit be responsible for the day to day coordination and implementation of the Project; and

(b) maintain the Project Implementation Unit with staff in adequate number and with qualifications, experience and performance satisfactory to the Association.

#### B. Terms and Conditions of Sub-loans

1. The appraisal report for each Road Project shall include:

(a) the technical feasibility; the financial viability; the economic justification; an analysis of the environmental impacts of the Road Project which shall have been undertaken in compliance with the provisions of the Environmental and Social Management Framework and, if applicable, the environmental impact assessment which shall have been carried out, and the evidence establishing that any other environmental and social requirements, including mitigation, compensation, rehabilitation and resettlement measures, provided under the Environmental and Social Management Framework shall have been complied with, all in a manner satisfactory to the Association; and an assessment of impact in terms of health and safety considerations; and

(b) a calculation of the internal financial rate of return and of the economic rate of return, such calculations to be in accordance with criteria satisfactory to the Association. Only Road Projects with economic and financial rates of return of at least twelve percent (12%) shall be approved.

2. The amount of each Sub-loan shall not exceed the equivalent of fifteen million Dollars (\$15,000,000).

3. No expenditures for goods, works or services required for a Road Project shall be eligible for financing out of the proceeds of the Credit unless:

(a) the Road Project shall be consistent with UEMOA national and regional development strategies, and with the program of priority highway investments of the Member State concerned; the Road Project shall have a regional or integrating dimension in expanding the regional road network;

(b) the Sub-loan for such Road Project shall have been approved by the Association and such expenditures shall have been made not earlier than one hundred twenty days prior to the date on which the Association shall have received the application and information required under paragraph B.4 (a) of this Schedule in respect of such Sub-loan;

(c) the Member State concerned is a member in good standing of the Association and the International Monetary Fund and the Association or the International Bank for Reconstruction and Development, as the case may be, has not suspended disbursements to such Member State or placed such Member State in non-accrual status; and

(d) the Member State concerned shall provide at least five percent (5%) of the estimated costs of the Road Project in the form of cash, as specified in the Project Implementation Manual, provided that as an average for all the Road Projects, the Member States shall provide at least twelve percent (12%) of the aggregate estimated costs of all the Road Projects.

4. (a) When presenting a Sub-loan to the Association for approval, the Borrower shall furnish to the Association an application, in form satisfactory to the Association, together with: (i) a description of the Member State and the contractor which would carry out the Road Project, and an appraisal of the Road Project, including a description of the expenditures proposed to be financed out of the proceeds of the Credit; (ii) the analysis, assessment and evidence referred to in paragraph B.1 (a) of this Schedule; (iii) the proposed terms and conditions of the Sub-loan, including the pro-forma schedule of amortization of the Sub-loan or of repayment of the amount of the Credit to be used for the Road Project; and (iv) such other information as the Association shall reasonably request.

(b) Applications and requests made pursuant to the provisions of paragraph B.4 (a) of this Schedule shall be presented to the Association on or before twelve months before the Closing Date.

5. Sub-loans shall be made on terms whereby the Borrower shall obtain, by a Sub-loan agreement between the Borrower and the concerned Member State, rights adequate to protect the interests of the Association and the Borrower, including the right to:

(a) require the Member State to ensure that the Road Project can be carried out and operated in accordance with the Project Implementation Manual and the Environmental and Social Management Framework, with due diligence and efficiency and in accordance with sound environmental, social, technical, financial and managerial standards and practice, and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures of the Road Project;

(b) where applicable, require the Member State to carry out, in a manner satisfactory to the Borrower and the Association, any environmental mitigation measures, compensation and rehabilitation of displaced persons for land acquisition or resettlement in accordance with the provisions of the Environmental and Social Management Framework;

(c) require that: (i) the goods, works and services to be financed out of the proceeds of the Credit shall be procured in accordance with the procedures set forth in Schedule 3 to this Agreement; and (ii) such goods, works and services shall be used exclusively in the carrying out of the Road Project;

(d) inspect, by itself or jointly with representatives of the Association, if the Association shall so request, such goods, works, sites and construction included in the Road Project, the operation thereof and any relevant records and documents;

(e) require that: (i) the Member State shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practices; and (ii) without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Credit to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Member State to replace or repair such goods;

(f) obtain all such information as the Association or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Member State and the contractor which shall carry out the Road Project, and to the benefits to be derived from the Road Project; and

(g) suspend or terminate the right of the Member State to the use of the proceeds of the Credit upon failure by such Member State to perform its obligations under its contract with the Borrower.

6. All Sub-loan contracts shall include a clause under which the Borrower shall transfer to the Member State concerned, the risk of loss resulting from changes in the rates of exchange between the currencies (including the CFA Franc) used in relation to the Road Project concerned.

7. All Sub-loan contracts shall indicate that the amount of the Sub-loan shall be repayable over a period of twenty five years, including a seven year grace period.

C. Reports and Mid-Term Review

1. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 6 to this Agreement the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, not later than April 30 and October 31 of each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph C.1 (a) above and including Road Project completion reports and appropriate information regarding implementation and monitoring of implementation of the Environmental and Social Management Framework, on the progress achieved in the carrying out of the Project during the calendar semester preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, not later than four weeks after the submission of the report referred to in paragraph C.1 (b) above, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project, including with respect to the implementation and monitoring of implementation of the Environmental and Social Management Framework, ~~and the achievement of the objectives thereof~~, based on the conclusions and recommendations of the said report and the Association's views on the matter.

2. Midterm Review

(a) On or about thirty months after the Effective Date, the Borrower shall carry out jointly with the Association, the Steering Committee and the Project

Implementation Unit, 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 objectives;
- (ii) progress made in implementing and monitoring the implementation of the Environmental and Social Management Framework; and
- (iii) overall Project performance against Project performance indicators.

(b) The Borrower shall cause the Project Implementation Unit to prepare and, at least six 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 eight 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 (2), (3) and (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of Parts A.1 and D of the Project;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for Parts A.1 and D of 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 equal to FCFA 300,000,000 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 equal to FCFA 150,000,000, 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 for Parts A.1 and D of the Project shall be equal to or exceed the equivalent of SDR 1,500,000.

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 for Parts A.1 and D of the Project, 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 Parts A.1 and D of 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 for Parts A.1 and D of the Project 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.

## **SCHEDULE 6**

### **Performance Indicators**

The indicators for monitoring and evaluating the carrying out of the Project, referred to in paragraph C.1 (a) of Schedule 4 to this Agreement, are the following:

#### **Technical Assistance and Institutional Strengthening**

1. By the end of the First Project Year and each subsequent Project Year, the Borrower shall have issued at least CFA Francs 10 billion of bonds in the UEMOA capital market.
2. By the end of the second Project Year, the Borrower shall have defined and adopted, in consultation with rating advisors, operational and financial ratios as well as loan classification and provision requirements in line with internationally accepted best practices.
3. By the Midterm Review, the Borrower shall be in compliance with the ratios, classification and requirements referred to in paragraph 2 above.
4. By the Midterm Review, CREPMF shall have reviewed, revised and compiled capital market rules (equity and bond market), and submitted them to the appropriate authorities for approval and publication.
5. By the Midterm Review, the UEMOA Commission shall have submitted to the appropriate authorities for their approval, draft texts to harmonize the tax regimes across the Member States for financial operations, products and instruments.
6. From the Midterm Review, CREPMF shall inspect at least once a year the Commercial Financial Intermediaries, BRVM and DCBR.

#### **Financing of Road Projects**

1. By the Midterm Review, a total of 650 Km of regional roads shall have been constructed or rehabilitated.
2. By the end of the Project, a total of 1300 Km of regional roads shall have been constructed or rehabilitated.
3. During the duration of the Project, all Road Projects submitted to the Association for its approval shall meet all the criteria applicable under paragraph B of Schedule 4 to this Agreement, in particular the criteria referred to in paragraphs B.1(b) and B.3(a) of Schedule 4, and shall have been prepared in compliance with the provisions of the Environmental and Social Management Framework.

### **Guarantee Facilities**

1. By the Midterm Review, at least 30 percent of the aggregate amount of the FDA Guarantee Facility, IDA Guarantee Facility and MIGA Guarantee Facility shall have been utilized.
2. By the Midterm Review, Borrower staff working on the FDA Guarantee Facility, IDA Guarantee Facility and MIGA Guarantee Facility, shall be capable of identifying, marketing and screening sub-projects and assisting in preliminary processing of sub-projects without assistance from consultants.

## SCHEDULE 7

### Modifications of General Conditions

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

1. The words "to its members" in the first sentence of Section 1.01 are deleted.
2. The words "member of the Association" in paragraph 3 of Section 2.01 are deleted and replaced by the words "party to the Development Credit Agreement".
3. The words "the currency of the country which is the Borrower" in paragraph 11 of Section 2.01 are deleted and replaced with "the currency of the Member States".
4. A new paragraph 15 is added to Section 2.01 to read as follow:

"15. 'Member States' means the Republic of Benin, Burkina Faso, the Republic of Cote d'Ivoire, the Republic of Guinea-Bissau, the Republic of Mali, the Republic of Niger, the Republic of Senegal and the Togolese Republic."
5. The words "in the currency of the Borrower" in Section 4.01 are deleted and replaced by the words "in the currency of the Member States".
6. The words "the Borrower" in Section 4.06 (b) are deleted and replaced by the words "the Member States".
7. The words "any taxes levied by, or in the territory of, the Borrower" in Section 5.08 are deleted and replaced by the words "any taxes levied by, or in the territory of, the Member States".
8. Paragraph (e) of Section 6.02 is deleted and replaced by the following new paragraph:

"(e) Any one or more of the Member States: (i) shall have been suspended from membership in or ceased to be a member of the Association; or (ii) shall have ceased to be a member of the International Monetary Fund."
9. The following new paragraph (m) is added to Section 6.02:

"(b) A Member State shall have failed to make payment of principal, interest, service charges or any other amount due to the Association or the Bank: (i) under a development credit agreement between such Member State and the Association, or (ii) under any loan or guarantee agreement between such Member State and the Bank, or (iii) in consequence of any guarantee or other financial

obligation of any kind extended by the Bank to any third party with the agreement of such Member State."

10. The words "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 of the Credit shall be canceled" set forth at the end of Section 6.03 are deleted and the following is substituted therefore:

"or (f) by the date specified in paragraph B.4 (b) of Schedule 4 to the Development Credit Agreement, the Association, in respect of any portion of the Credit: (i) has received no applications or requests permitted under paragraph B.4(a) of Schedule 4 to the Development Credit Agreement; or (ii) has denied any such applications or requests, the Association may, by notice to the Borrower, terminate the right to submit such applications or approvals or to make withdrawals from the Credit Account, as the case may be, with respect to such amount or portion of the Credit. Upon the giving of such notice, such amount or portion of the Credit shall be cancelled."

11. Section 8.01 is deleted and replaced by the following Section:

"Section 8.01. Taxes.

(a) The principal of, and other charges on, the Credit shall be paid without deduction for, and free from, any taxes levied by, or in the territories of, the Member States.

(b) The Development Credit Agreement, and any other agreement to which these General Conditions apply, shall be free from any taxes levied by, or in the territory of, the Member States on or in connection with the execution, delivery or registration thereof."

12. Paragraph (b) of Section 9.01 is deleted and replaced by the following paragraph:

"(b) The Borrower shall take all action necessary or useful to ensure that the Member States afford all reasonable opportunity for representatives of the Association to visit any part of their territories for purposes related to the Credit."

13. Section 9.02 is deleted and replaced by the following Section:

"Section 9.02. Financial and Economic Data. The Borrower shall furnish to the Association all such information as the Association shall reasonably request with respect to the financial and economic conditions of the Member States as well as with respect to its own financial condition and that of any entity owned or controlled, or operating for the account or benefit of the Borrower."

14. The word "governmental" in paragraph (a) of Section 12.01 is deleted and replaced by the word "corporate".