

CONFORMED COPY

CREDIT NUMBER 3373 CD

Development Credit Agreement

(Petroleum Sector Management Capacity-Building Project)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 7, 2000

CREDIT NUMBER 3373 CD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 7, 2000, between REPUBLIC OF CHAD (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received a letter (the "Letter of Government Policy for the Petroleum Sector"), dated September 21, 1999, from the Borrower describing a program of actions, objectives and policies designed to clearly define the role of the Borrower and the private sector, respectively, in the development of petroleum resources (the Program) and declaring the Borrower's commitment to the execution of the Program;

(C) by agreement of even date herewith (the Loan Agreement) between the Borrower and International Bank for Reconstruction and Development (the Bank), the Bank has agreed to make a loan to the Borrower in an aggregate principal amount of \$39,500,000 to assist in financing Parts B and C of the Project described in Schedule 2 to the Loan Agreement on the terms and conditions set forth in the Loan 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 (as amended through December 2, 1997), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

- (a) A new paragraph (c) is added to Section 3.04 to read :

“If the Association shall at any time receive less than the full amount then due and payable to it under the Development Credit Agreement, the Association shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Development Credit Agreement as the Association shall in its sole discretion determine.”; and

- (b) Section 11.01 is modified by replacing, in the second sentence, the word “radiogram” with the word “facsimile” and adding a new sentence at the end of the said Section to read:

“Deliveries made by facsimile transmission shall also be confirmed by mail.”

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) “Beneficiary” or “Beneficiaries” means village groups, local authorities, micro- and small enterprises and professional associations or other organizations determined to be eligible for a Microproject Grant or Loan (as hereinafter defined) in accordance with the eligibility criteria specified in Section II of Schedule 4 to this Agreement and in the FACIL Manual (as hereinafter defined) and to whom or for whose benefit a Microproject Grant or Loan is made or proposed to be made;

(b) “Contract” or “Contracts” means the agreement(s), in form and substance satisfactory to the Association, to be entered into by CTNSC (as hereinafter defined) and Project Operators (as hereinafter defined) pursuant to Section 3.01 (c) of this Agreement and Schedule 6 to this Agreement, setting forth the terms and conditions related to the execution of Part A.5 of the Project as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Contract or Contracts;

(c) “Cellule Economique” means a body within the Borrower’s Ministry of Economic Promotion, Development and Cooperation which operates under the dispositions of Decree No. 523/PR/99 dated December 20,1999;

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

(e) “Chad Export Project” means the project described in Schedule 2 to the Loan Agreement (as hereinafter defined);

(f) “CTNSC” means “Comité Technique National de Suivi et de Contrôle”, an inter-ministerial committee created by Decree No. 298/PR/MTE/97 dated July 10, 1997, responsible for monitoring, controlling and implementing Parts A.2, A.4 and A.5 of the Project (as hereinafter defined);

(g) “Coordination Nationale” means the administrative body, referred to in paragraph 1 of Schedule 4 to this Agreement, established by Decree No 321/PR/99 dated August 10, 1999, and which is in charge of coordinating the implementation of the Project (as hereinafter defined);

(h) “Direction du Pétrole” means an administrative body within MMEP established by Decree No 391/PR/MMEP/97 dated September 8, 1997 responsible for monitoring, controlling and implementing Part A.2, B.1 and B.2 of the Project (as hereinafter defined);

(i) “EMP” means “Environment Management Plan”, as defined in the Loan Agreement;

(j) “FACIL” means “Fonds d’Actions Concertées d’Initiative Locale”, a financing structure (a pilot fund) which channels funds under the management of CTNSC and whose purpose is to improve, through direct financing of eligible Beneficiaries, the living conditions of the local population by helping to provide them with better access to basic socio-economic infrastructure and services and promote income-generating and capacity building activities;

(k) “FACIL Administrator” means a person referred to in paragraph 1, Section II of Schedule 4 to this Agreement, appointed by the Borrower with terms of reference acceptable to the Association;

(l) “FACIL Manual” means the manual related to Microprojects (as hereinafter defined), in form and substance satisfactory to the Association, referred to in paragraph 1, Section II of Schedule 4, containing, inter alia, the terms and conditions under which CTNSC will enter into Contracts with Project Operators (as hereinafter defined) and outlining the procurement, disbursement, administrative, financial and other arrangements for the implementation of Part A.5 of the Project, as the same may be

amended from time to time in consultation with and to the satisfaction of the Association, and such term includes any annexes to the FACIL Manual;

(m) “fiscal year” means the Borrower’s fiscal year which begins on January 1 and ends on December 31 each year;

(n) “IAP” means International Advisory Panel, an external expert panel appointed by CTNSC, composed of external experts, and who shall assist the Borrower with technical, social and environmental issues;

(o) “Microproject” means one or more activities financed or to be financed in part out of the proceeds of the Credit under Part A.5 of the Project (as hereinafter defined);

(p) “Microproject Grant” means a grant made or proposed to be made by CTNSC to a Beneficiary for the purpose of financing a Microproject under Part A.5 of the Project;

(q) “Microproject Loan” means a loan made or proposed to be made by CTNSC to a Beneficiary for the purpose of financing a Microproject under Part A.5 of the Project;

(r) “Microproject Grant Agreement” means an agreement between CTNSC and a Beneficiary setting forth the terms and conditions under which a Microproject Grant shall be made available to the Beneficiary for the purpose of financing a Microproject under Part A.5 of the Project;

(s) “Microproject Loan Agreement” means an agreement between CTNSC and a Beneficiary setting forth the terms and conditions under which a Microproject Loan shall be made available to the Beneficiary for the purpose of financing a Microproject under Part A.5 of the Project;

(t) “Midterm Review” means the midterm review referred to in paragraph 10 of Schedule 4 to this Agreement;

(u) “MIS” means monitoring information system, the procedures, data and software package which enable the financial and technical planning, monitoring and evaluation of activities under the Project;

(v) “MEW” means the Borrower’s Ministry responsible for Environment and Water;

(w) “MMEP” means the Borrower’s Ministry responsible for Mines, Energy and Petroleum;

(x) “NGO” means a non-governmental organization;

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

(z) “Project Area” means an area within the boundaries delineated on the map which appears in Schedule 8 to this Agreement;

(aa) “Project Implementation Manual” means the manual referred to in paragraph 6.01 (b) of Article VI and paragraph 5 of Schedule 4 to this Agreement containing, inter alia, disbursement and procurement arrangements, work plans, training plans, monitoring and performance indicators referred to in paragraph 8 of Schedule 4 and procedures to be used for the purposes of implementation of the Project, as they may be amended from time to time, in consultation with and to the satisfaction of the Association, and such term includes any schedules to the Project Implementation Manual. For the purpose of this Agreement, it is understood that the FACIL Manual shall be deemed to be a schedule to the Project Implementation Manual and an integral part thereof;

(bb) “Project Management Report” means a report prepared quarterly by the Borrower as set forth in Section 4.02 (a);

(cc) “Project Operators” means any operator or person, including NGOs, civil society associations, private contractors and consulting firms which meet the eligibility criteria set forth in the “Guidelines for Procurement under IBRD Loans and IDA Credits” (paragraph 1.8) and in the “Guidelines for Selection and Employment of Consultants by World Bank Borrowers” (paragraph 1.10) and which shall execute Microprojects on behalf or in the interest of the Beneficiaries;

(dd) “Project Preparation Advance” means the project preparation advances granted by the Association to the Borrower pursuant to letters agreement number PPF-Q062-0 (US\$1,000,000) dated August 20, 1997 and number PPF-Q0621 (US\$1,000,000) dated August 6, 1998;

(ee) “Revenue Management Program” means a program set out in Schedule 5 of the Loan Agreement;

(ff) “SOE” means Statement of Expenditures;

(gg) “Special Accounts” means the accounts referred to in Section 2.02 (b) of this Agreement; and

(hh) “Upstream Consortium” means the upstream consortium, as defined in the Loan Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to seventeen million four hundred thousand Special Drawing Rights (SDR 17,400,000).

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: (i) 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; and (ii) amounts paid (or, if the Association shall so agree, to be paid) by CTNSC on account of withdrawals made for the benefit of a Beneficiary under a Microproject Grant or Loan Agreement to meet the reasonable cost of goods, works and services required for Microprojects under Part A.5 of the Project, and in respect of which the withdrawal from the Credit Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in FCFA two separate special deposit accounts (“Special Account I” in respect to Parts A.2, A.4 and A.5 of the Project and “Special Account II” in respect of Parts A.1, A.3, B.1 and B.2 of the Project) 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, each respective 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, 2005 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 15 and September 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each March 15 and September 15 commencing September 15, 2010 and ending March 15, 2040. Each installment to and including the installment payable on March 15, 2020 shall

be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

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

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through Coordination Nationale, CTNSC and the Direction du Pétrole, with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, public utility, environmental and social practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall carry out Part A.5 of the Project through CTNSC and, to that end, the Borrower shall, without any limitation or restriction upon any of its other obligations under this Agreement, cause CTNSC to perform, in accordance with the provisions of the FACIL Manual, all the obligations of CTNSC therein set forth, take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable CTNSC to perform such obligations; and shall not take or cause to be taken any action which would prevent or interfere with such performance of CTNSC.

(d) The Borrower shall cause CTNSC to enter into Contracts with Project Operators, under which it shall make the proceeds of the Credit allocated from time to time to Category (1) of the table in Schedule 1 to this Agreement, available to Project Operators for the purposes of carrying out Microprojects under terms and conditions which shall have been approved by the Association.

(e) The Borrower shall cause CTNSC to exercise its rights and perform its obligations under the Contracts 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 Contracts or any provision thereof.

(f) The Borrower shall carry out the Revenue Management Program as set out in Schedule 5 of the Loan Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 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 and continued achievement of the Project; and

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

Section 3.04. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain an account (the Project Account) in FCFA in a commercial bank on terms and conditions satisfactory to the Association;

(b) promptly thereafter, make an initial deposit into such account, in an amount equivalent to US\$60,000 to finance the Borrower's contribution to the Project;

(c) deposit into the Project Account by January 15, April 15, July 15 and October 15 in each year, until the completion of the Project, such amounts as shall be required to replenish in a timely manner, the Project Account to equal the amount of the initial deposit referred to in paragraph (b) above; and

(d) use the Project Account funds exclusively to finance expenditures under the Project.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable

to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Accounts for each fiscal year audited, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such fiscal year: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited; and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and

- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the Project Management Reports or statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Borrower, not later than December 31, 2001, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association, each of which:

- (i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report; and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;
- (ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and
- (iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

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

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional event is specified, namely that a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions :

(a) the Borrower has adopted a project implementation manual (including the FACIL Manual) in form and substance satisfactory to the Association;

(b) the Borrower has established a computerized accounting and financial system for the Project, satisfactory to the Association;

(c) the Borrower has opened the Project Account and has deposited therein the initial deposit referred to in Section 3.04 (b) of this Agreement; and

(d) the Borrower has submitted to the Association the procurement plan for the twenty-four month period after the Effective Date in a manner 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 Minister of the Borrower at the time responsible for economic promotion, development and cooperation 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 Economic Promotion, Development and Cooperation
B.P. 286
N'Djamena
Republic of Chad

Cable address:	Telex:	Facsimile:
	5329 KD	(235) 51 51 85

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in N'Djamena, Chad, as of the day and year first above written.

REPUBLIC OF CHAD

By

/s/ Ahmed Lamine Ali
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Mary Barton Dock
Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Microprojects under Part A.5 of the Project	2,350,000	100% of amounts disbursed
(2) Works	2,715,000	90 %
(3) Goods and vehicles	1,395,000	100 % of foreign expenditures and 90 % of local expenditures
(4) Consultants' Services, Audits and Training	5,065,000	100%
(5) Incremental Operating Costs	2,935,000	90 %
(6) Refunding of Project Preparation Advance	1,490,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(7) Unallocated	1,450,000	
	<hr/>	
	17,400,000	
TOTAL	<hr/> =====	

2. For the purposes of this Schedule:

(a) the term “foreign expenditures” means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

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

(c) the term “incremental operating costs” means the incremental expenses incurred on account of Project implementation, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, rental expenses, office administration costs, utilities, Special Account banking charges, travel and supervision costs but excluding salaries of officials of the Borrower’s civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; and (b) payments made for a Microproject Grant or Loan unless such Microproject Grant or Loan has been made in accordance with the criteria and procedures and under the terms and conditions set forth or referred to in Section II, paragraphs 2 and 3 of Schedule 4 to this Agreement and in the FACIL Manual.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures: (a) under contracts for goods and works costing less than \$100,000 equivalent each; (b) under contracts for the employment of consulting firms costing less than \$100,000 equivalent each; (c) under contracts for the employment of individual consultants costing less than \$50,000 equivalent each; and (d) for training and incremental operating costs, all under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to strengthen the capacity of the Borrower to: (i) better manage the development of petroleum resources in an environmentally and socially sound manner; and (ii) increase the use of petroleum resources generated from the Chad Export Project.

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 : Chad Export Project Management

1. Strengthening the capacity of Coordination Nationale to coordinate the supervision of the Project, including the coordination of MIS activities carried out by CTNSC and Direction du Pétrole and the implementation and follow-up of an information, education and communication campaign for the Chad Export Project through the provision of technical advisory services, training, audits, the acquisition of equipment, vehicles and supplies.
2. Strengthening the capacity of CTNSC under the supervision of MEW to monitor the environmental and social aspects of the Chad Export Project and in particular, the EMP, through the provision of technical advisory services, training, audits, the acquisition of equipment, vehicles and supplies, and the construction of civil works (rehabilitation and construction of office spaces and laboratories).
3. Strengthening the capacity of Direction du Pétrole to monitor the technical, economic, contractual and fiscal aspects of the Chad Export Project through the provision of technical advisory services, training, audits, the acquisition of equipment, vehicles and supplies, and the construction of civil works (rehabilitation and construction of office spaces and laboratories).
4. Implementing social impact mitigating measures by adopting emergency actions in the Project Area through: (a) the acquisition of equipment and the construction of civil works (including health and education facilities, public infrastructures, water supply and sanitation facilities, markets and slaughterhouses); and (b) the provision of technical advisory services for the improvement of fuelwood supply management, urban planning and the carrying out of a population census in the Project Area.
5. Providing grants or loans for the financing through FACIL of Microprojects submitted by Beneficiaries in the Project Area for small-scale community activities related to: (i) social and economic demand-driven infrastructure, including health,

education, sanitation, water supply, markets and access infrastructures; (ii) income and labor generating projects; and (iii) specialized training of NGOs, civil society associations, communities and municipalities.

Part B: Petroleum Sector Management

1. Carrying out a program to improve the environmental, social, legal and regulatory framework of the Borrower's petroleum sector through the provision of technical and financial advisory services, training, the acquisition of equipment, vehicles and supplies, and the construction of offices.
2. Improving the management of geophysical and geological data through the provision of technical, economic, contractual and fiscal advisory services and the carrying out of geophysical and geological studies.

* * *

The Project is expected to be completed by June 30, 2005.

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

Part B: International Competitive Bidding

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

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

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Preference for domestically manufactured goods
and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

(c) Notification and Advertising

The invitation to bid for each contract estimated to cost \$100,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Works estimated to cost less than \$500,000 equivalent per contract, up to an aggregate amount not to exceed \$4.5 million equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Goods estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$1.5 million equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$800,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement of Small Works

Works under the Project including those under Part A.5 of the Project, estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$1.5 million equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

4. Community Participation

Goods and works required for Part A.5 of the Project may be procured in accordance with procedures acceptable to the Association and specified in the FACIL Manual.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

With respect to each contract for goods and works estimated to cost the equivalent of \$100,000 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 (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for architectural and engineering services,

estimated to cost less than \$50,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for audits and other services of standard nature estimated to cost less than \$200,000 equivalent per contract 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 social infrastructure and services estimated to cost less than \$30,000 equivalent per contract up to an aggregate amount of \$300,000 may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Single Source Selection

Services for Consultants which are estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount of \$200,000 may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

4. Procurement for Small Services

Services to assist Beneficiaries in carrying out Microprojects under Part A.5 of the Project and estimated to cost less than \$20,000 equivalent may be procured in accordance with commercial practices acceptable to the Association, i.e., under fixed-price contract awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the services, including basic specifications, the required completion date and a basic form of agreement acceptable to the Association. The award shall be made to the contractor who offers the lowest price quotation for the required service, and who has the experience and resources to complete the contract successfully.

5. Individual Consultants

Services for lectures and small studies shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

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

2. Prior Review

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

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, 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.

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

Section I : General

1. Coordination Nationale

The Borrower shall maintain, until the completion of the Project, the office of the Coordination Nationale with three competent key staff, all with terms of reference, qualifications and experience, acceptable to the Association. Coordination Nationale shall be responsible for supervising and coordinating the day-to-day management of the Project, as a whole and in close co-operation with CTNSC, the Direction du Pétrole, the Cellule Economique and the Upstream Consortium.

2. CTNSC

The Borrower shall maintain CTNSC, in a form and with functions satisfactory to the Association, until the completion of Parts A.2, A.4 and A.5 of the Project.

3. Direction du Pétrole

The Borrower shall maintain the Direction du Pétrole, in a form and with functions satisfactory to the Association, until the completion of Parts A.3, B.1 and B.2 of the Project.

4. Cellule Economique

The Borrower shall maintain the Cellule Economique in a form and with functions satisfactory to the Association, until the completion of the Project. The Cellule Economique shall, inter alia, assist the Borrower in the carrying out of the obligations set forth in Section 4.01 (a) of this Agreement.

5. Project Implementation Manual

The Borrower shall carry out the Project in accordance with procedures set out in the Project Implementation Manual and, except as the Association shall otherwise agree, shall not amend or waive any provision thereof, if such amendment or waiver

may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

6. Auditing

The Borrower shall appoint the independent auditors referred to in Section 4.01 (b) of this Agreement, by June 30, 2001 in accordance with the provisions of Section II of Schedule 3 to this Agreement.

7. Environment Management Plan

The Borrower shall apply the EMP satisfactory to the Association by December 31, 2000.

8. Performance Indicators and Program Reports

The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association set forth in Schedule 7 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, no later than January 31 and July 31 of each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period 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 4 weeks after the submission of the report referred to in paragraph (b) of this Section, or such later date as the Association shall request, the said report, and, thereafter, take all measures required to ensure the efficient completion of the Project 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.

9. Midterm Review

The Borrower shall :

(a) carry out, jointly with the Association, not later than December 31, 2002, the Midterm Review which shall cover, among other things: (i) progress made in meeting the Project's objective; (ii) overall Project performance against Project performance indicators; and (iii) the quality of the advisory services under the Project;

(b) furnish to the Association, at least three (3) weeks after the Midterm Review, a report describing the status of the items listed in paragraph 3 (a) above and of Project implementation generally; and

(c) prepare, not later than four (4) weeks after the Midterm Review, an action program, acceptable to the Association, for further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program.

Section II: Part A.5 of the Project/Microprojects

1. FACIL Manual and FACIL Staff

The Borrower shall carry out the Project and cause CTNSC to carry out Part A.5 of the Project in accordance with procedures set out in the FACIL Manual and the Contracts and, except as the Association shall otherwise agree, shall not amend or waive any provision thereof, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

The Borrower shall cause CTNSC to maintain, until the completion of the Project, within FACIL competent staff in adequate numbers, including the FACIL Administrator who shall be appointed not later than 60 days after the Effective Date of the present Agreement, all such staff to be employed in accordance with the provisions of Section II of Schedule 3 to this Agreement and with terms of reference, qualifications, and experience acceptable to the Association.

2. Eligibility Criteria for Microprojects

No Microproject shall be eligible for financing out of the proceeds of the Credit unless CTNSC has determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the FACIL Manual, that the Microproject satisfies the eligibility criteria specified in the FACIL Manual, including, inter alia, the following:

(a) the Microprojects shall be for basic infrastructure services and public facilities (including water supply, access infrastructures, sanitation systems, rehabilitation of schools, health centers, and markets), as well as community demand-driven, small-scale social infrastructure, including training of NGOs, civil society associations, communities, and municipalities in participatory approaches, Microproject preparation, and management;

(b) the Microproject shall be initiated by Beneficiaries;

(c) the Microproject shall be targeted at lower income group Beneficiaries;

(d) the Microproject shall be designed in such a way that its mode of implementation is labor-intensive and provides maximum employment opportunities within sound economic parameters;

(e) the Microproject shall be designed in such a way that its operation and maintenance shall be sustainable; and

(f) the Microproject shall be in compliance with the standards set forth in the applicable laws of the Borrower, relating to health, safety, and environmental protection.

3. Terms and Conditions Regarding Microprojects

Microprojects shall be carried out pursuant to Microproject Grants or Microproject Loan Agreements, to be concluded between CTNSC and the legally established and authorized representative or representatives of the Beneficiaries, under terms and conditions satisfactory to the Association, which, inter alia, shall include the following:

(a) financing through the FACIL, except as previously agreed with the Association: (1) for a Microproject Grant for (i) social, agricultural or access infrastructures and environmental protection; (ii) training and capacity-building of local personnel; (iii) emergency measures not provided for in the EMP, inter alia, in the health sector; and (2) for a Microproject Loan for: (i) diversification activities, transformation and commercialization of agricultural and food products; and (ii) other trade, industrial and service activities. All Beneficiaries shall make a contribution of 10% minimum as provided for in the FACIL Manual, except as previously agreed with the Association;

(b) each Microproject Grant and Loan Agreement shall not exceed the aggregate amount of CFAF 30,000,000, except as previously agreed with the Association;

(c) the obligation to (i) carry out the Microproject in accordance with the FACIL Manual, with due diligence and efficiency and in accordance with sound technical, financial, environmental/social, and managerial standards; and (ii) maintain

adequate records to reflect, in accordance with sound accounting practices, the operations, resources, and expenditures in respect of the Microproject;

(d) the requirement that: (i) the goods, works, and services to be financed from 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 Microproject;

(e) the right of CTNSC to inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants, and construction included in the Microproject, the operations thereof, and any relevant records and documents;

(f) the right of CTNSC to obtain all information as CTNSC or the Association shall reasonably request regarding the administration, operation, and financial condition of the Microproject; and

(g) the right of CTNSC to suspend or terminate the right of the Beneficiaries to use the proceeds of the Microproject Grant or Loan upon the failure by the Beneficiaries to perform any of their obligations under the relevant Microproject Grant or Loan.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of Parts A and B of the Project;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for Parts A and B 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 equivalent to \$600,000 in respect of Special Account I for Parts A.2, A.4 and A.5 of the Project and an amount equivalent to \$500,000 in respect of Special Account II for Parts A.1, A.3, B.1 and B.2 of the Project to be withdrawn from the Credit Account and deposited into the Special Accounts 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 \$300,000 in respect of Special Account I and to an amount equivalent to \$250,000 in respect of Special Account II during the first 12 months after which this Agreement shall enter into effect.

2. Payments out of the respective 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 respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective 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 respective 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 respective Special Account such amount or amounts as the Borrower shall have requested.

- (b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposits into the respective 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 respective 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 respective 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 respective Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

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

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

(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 Accounts;

(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 the respective Special Account I (for Parts A.2, A.4 and A.5 of the Project) and Special Account II (for Parts A.1, A.3, B.1 and B.2 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.2, A.4 and A.5 on one hand and A.1, A.3, B.1 and B.2 on the other hand, 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.2, A.4 and A.5; A.1, A.3, B.1 and B.2 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 respective Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

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

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

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

(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

Terms and Conditions of Contracts Required Pursuant to Section 3.01 (c), (d) and (e) of this Agreement

The terms and conditions of the Contracts shall include, inter alia, the following obligations of CTNSC to:

(a) carry out Part A.5 of the Project with due diligence and efficiency, in conformity with appropriate administrative, financial and engineering practices, with due regard to environmental/social factors, and in accordance with the FACIL Manual; and provide, or cause to be provided, promptly as needed, the facilities, services, and other resources required for Part A.5 of the Project;

(b) comply with the procedures for the procurement of goods and works set forth in Schedule 3 to this Agreement;

(c) comply with record keeping, auditing and report requirements set forth in Section 4.01 of this Agreement, with respect to Part A.5 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, environmental/social, 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) 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 A.5 of the Project;

(g) participate in the Midterm Review related to the carrying out of Parts A.5 of the Project, and thereafter prepare and implement an action plan, satisfactory to the Association, for the further implementation of Part A.5 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 A.5 of the Project and the performance of its obligations under the Contracts,

(i) promptly inform the Borrower and the Association of any condition which interferes or threatens to interfere with the progress of Part A.5 of the Project, or the

performance by the Project Implementation Agencies, of their obligations under the Contracts; 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 Contracts or any provision thereof.

SCHEDULE 7

Performance Indicators

The indicators for monitoring and evaluating the carrying out of the Project referred to in paragraph 8 (a) of Schedule 4 to this Agreement are the following:

Project Components	Target dates*
Part A – Chad Export Project Management	
<p>(i) Adoption by the Government of a communication strategy</p> <p>(ii) The following CTNSC experts are trained:</p> <ul style="list-style-type: none"> • Biophysical (4 persons) • Socio-economic sector (4 persons) • Health (2 persons) • Information/Education/Communication/Settlement of disputes (4 persons) • Oil Spill Response Plan (4 persons) <p>(iii) Contracts with following experts signed:</p> <ul style="list-style-type: none"> • Environmental Experts • Engineering and Petroleum Experts • Legal and Financial Experts • Auditors and Fiscal experts <p>(iv) Government Oil Spill Response Plan adopted in case of oil spill</p> <p>(v) First Report of the International Advisory Panel published</p> <p>(vi) Emergency rehabilitation and construction works terminated:</p> <ul style="list-style-type: none"> • Construction of health center in Doba • Rehabilitation of health center in Bebedjia • Rehabilitation of Doba hospital • Construction of public market in Doba • Construction of public market in Bebedjia • Construction of slaughter house in Doba • Construction of slaughter house in Bebedjia • Construction of cattle market in Doba • Rehabilitation and enlarging of sewer facilities in Doba • Construction of sewer facilities in Bebedjia • Addition of 10 water-supply bore-holes in Doba • Delivery of health equipment and medications in Doba and Bebedjia 	<p>January 1, 2001</p> <p>July 1, 2001</p> <p>January 1, 2001</p> <p>July 1, 2001</p> <p>July 1, 2001</p> <p>July 1, 2001</p>
Project Components	Target dates

	for completion
<p>(vii) MST/AIDS campaign completed</p> <p>(viii) Adoption of a Plan for management of the forest resources in the producing region</p> <p>(xii) FACIL Activities</p> <ul style="list-style-type: none"> • First Update of Regional Development Plan • Cumulative number of micro-projects approved (3) • Cumulative number of micro-projects approved (10) • Cumulative number of microprojets approved (20) • Cumulative number of microprojets approved (30) <p>(xiii) Monitoring, Communication and Consultation</p> <ul style="list-style-type: none"> • First quarterly consultation with the local population from the producing region and members of the civil society • Management Information System in place and fully operational • First Project Progress Report 	<p>January 1, 2002</p> <p>July 1, 2001</p> <p>July 1, 2001</p> <p>July 1, 2001</p> <p>July 1, 2002</p> <p>July 1, 2003</p> <p>July 1,2004</p> <p>July 1, 2000</p> <p>July 1, 2001</p> <p>July 1, 2001</p>
Part B – Petroleum sector Management	
<p>(i) Number of persons trained in the following specialties:</p> <ul style="list-style-type: none"> • Geology (2 persons) • Geophysics (2 persons) • Drilling (2 persons) • Contracts and Fiscal Specialists (4 persons) • Petroleum Economics and Finance (2 persons) • Archivists in petroleum data (2 persons) <p>(ii) Legal and Regulatory Framework</p> <ul style="list-style-type: none"> • Submission to the Legislative Assembly of new Petroleum Code • Promulgation of " decrets d'application" • First promotional seminar on petroleum potential of Chad <p>(iii) System for the Management of Petroleum Data and Information</p>	<p>May 1, 2001</p> <p>May 1, 2001</p> <p>May 1, 2001</p> <p>January 1, 2002</p> <p>January 1, 2002</p> <p>July 1, 2002</p> <p>January 1, 2002</p> <p>January 1, 2002</p> <p>July 1, 2002</p> <p>January 1, 2003</p>

* Dates are given on the basis of a presentation of the Project to the Board of the World Bank at the end of the first quarter of year 2000 and an Effective Date of the Credit at the end of the second quarter of year 2000. Would any delay in the presentation of the Project to the Board and/or in the effectiveness date of the Credit happen, a corresponding delay in the target dates would occur.

SCHEDULE 8

Project Area