

CONFORMED COPY

CREDIT NUMBER 2227 RW

(Education Sector Project)

between

RWANDESE REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 27, 1991

CREDIT NUMBER 2227 RW

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 27, 1991, between RWANDESE REPUBLIC (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 from the Borrower describing a program of policies, goals and actions designed to achieve adjustment of the Borrower's education sector (the Program) and declaring the Borrower's commitment to the execution of the Program;

(C) the Borrower intends to contract from the United Nations Development Programme (UNDP) a contribution (the UNDP Contribution) in an amount equivalent to approximately \$2,000,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the UNDP Contribution Agreement) to be entered into between the Borrower and UNDP; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, wherever used in this Agreement, 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) "MINEPRISEC" means Ministcre de l'Enseignement Primaire et Secondaire, the Borrower's Ministry of Primary and Secondary Education;

(b) "MINESUPRES" means Ministcre de l'Enseignement Superieur et de la Recherche Scientifique, the Borrower's Ministry of Higher Education and Scientific Research;

(c) "MININTER" means Ministcre de l'Interieur et du Developpement Communal, the Borrower's Ministry of the Interior and of Communal Developent;

(d) "MINIFIN" means Ministcre des Finances the Borrower's Ministry of Finance;

(e) "DEPEPERAI" means Direction de Programme de l'Enseignement Primaire et de l'Enseignement Rural et Artisanal Integre, the Directorate of Primary and Rural education in MINEPRISEC;

(f) "DFCS" means Direction du Financement et des Constructions Scolaires, the Directorate of Financing and School Construction in MINIPRISEC;

(g) "Program" means the program of policies, goals and actions referred to in Recital (B) in the preamble to this Agreement;

(h) "Primary Education Funds" means the proceeds of the Credit to be disbursed under Categories (1) (a) and (2) in the table in paragraph 1 of Schedule 1 to this Agreement; and

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

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to sixteen million two hundred thousand Special Drawing Rights (SDR 16,200,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in

Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special deposit account in its Central Bank on terms and conditions satisfactory to the Association. 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, 1996 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 cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

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

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

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

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 15 and August 15 commencing August 15, 2001 and ending February 15, 2031. Each installment to and including the installment payable on February 15, 2011 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

Section 2.08. The currency of the United States of America 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 DFCS with due diligence and efficiency and in conformity with appropriate economic, financial, administrative, technical and educational 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 5 to this Agreement.

Section 3.02. Except as the Borrower and 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. The Borrower shall, in order to monitor the execution of Part A of the Project, establish and thereafter maintain for the duration of the Project, an interministerial commission presided over by the Minister in charge of Primary and Secondary Education or his nominee, and composed of the Director General in charge of Primary and Rural Education in MINEPRISEC, the Director General of Communal Development in MININTER, the Director in charge of the Budget in MINIFIN, and the Director in charge of Financing and School Construction who shall be the Secretary of such commission.

Section 3.04. (a) The Borrower and the Association shall, from time to time and in any case not later than October 31 in each year during Project implementation, starting in 1991, exchange views on the progress achieved in carrying out the Project and the Program.

(b) Prior to each such exchange of views as specified in paragraph (a) of this Section, the Borrower shall furnish to the Association a draft three-year rolling public investment and expenditure program for its education sector for the period commencing on the following January 1.

(c) The Borrower shall furnish to the Association as soon as practicable after the exchange of views referred to in paragraph (a) above, but in any event before January 15 in the year following such exchange of views, the following documentation in form and substance satisfactory to the Association, that is, the three-year rolling public investment and expenditure program for its education sector for the period commencing January 1 in the year following such exchange of views.

Section 3.05. Without limitation upon the provisions of Section 9.01 of the General Conditions, the Borrower and the Association shall, not later than April 30, 1993, jointly undertake a mid-term review of the progress achieved in carrying out the Project.

ARTICLE IV

Financial Covenants

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

(b) The Borrower shall:

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

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

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

ARTICLE V

Remedies of the Association

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

(a) The implementation of the Program shall have been suspended or terminated or shall have materially deviated from such Program as defined in Section 1.02 (g) of this Agreement.

(b) Subject to paragraph (c) of this Section:

- (i) the right of the Borrower to withdraw the proceeds of any loan or grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms thereof, or
- (ii) any such loan shall have become due and payable prior to the agreed maturity thereof.

(c) Paragraph (b) of this Section shall not apply if the Borrower establishes to the satisfaction of the Association that: (i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (ii) 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.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely that the event specified in Section 5.01 (b) (ii) of this Agreement shall occur, subject to the proviso of Section 5.01 (c) of this Agreement.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely that all conditions precedent to the effectiveness of the UNDP Contribution Agreement have been fulfilled, other than those related to the effectiveness of this Agreement.

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

Representatives of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for primary and secondary education 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:

Ministcre de l'Enseignement
Primaire et Secondaire
B.P. 622
Kigali, Republique Rwandaise

Telex:

967 22502 MINAFFET

For the Association:

International Development
Association

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

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

RWANDESE REPUBLIC

By /s/ Aloys Uwimana

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo

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:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works:		
(a) under Part A of the Project	4,870,000	90%
(b) other	210,000	90%
(2) Furniture under Part A of the Project	1,390,000	100% of foreign expenditures and 90% of local expenditures
(3) Furniture under Part B of the Project and equip- ment, vehicles, and teaching materials under Parts A, B and C of the Project	2,510,000	100% of foreign expenditures and 90% of local expenditures

Amount of the

Category	Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(4) Consultants' services and training	4,170,000	100% of foreign expenditures and 95% of local expenditures
(5) Incremental operating costs	560,000	90%
(6) Studies	420,000	100% of foreign expenditures and 90% of local expenditures
(7) Unallocated	2,070,000	
TOTAL	16,200,000 =====	

2. For the purposes of this Schedule:

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

(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; and

(c) the term "incremental operating costs" means the incremental operating costs of DFCS related to the Project and in respect of vehicle maintenance and fuel, field travel, equipment maintenance, supplies and payments to contract employees (but excluding salaries of staff); and the incremental operating costs related to Parts B.1 (a), B.3, B.4, C.1-C.4, C.6 and C.7 of the Project and in respect of vehicle maintenance and fuel, field travel and equipment maintenance.

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;

(b) payments made under Categories (1) (a) and (2) unless and until the Borrower has: (i) established the interministerial commission referred to in Section 3.03 (b) of this Agreement; and (ii) issued a ministerial circular acceptable to the Association providing information to the communes on the procedures for the allocation of the Primary Education Funds, including the conditions prerequisite to financing through such Funds and the standard form of the Protocol to be prepared by each Commune as provided for in paragraphs 3 and 6 of Part A of Schedule 5 to this Agreement; and

(c) payments made under Categories (1) (a) and (2) in respect of a prefecture, unless and until the Association has reviewed and approved the documentation in respect of at least one construction and one furniture contract each from at least two communes in such prefecture.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (a) to consolidate and expand primary education throughout the territory of the Borrower by increasing access, and equity of access, to such education; (b) to

improve the quality of education throughout the territory of the Borrower; and (c) to strengthen the management capacity of the Borrower's education sector.

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: Consolidation/Expansion of Primary Education

1. Construction of new, and rehabilitation and reconstruction of existing, classrooms.
2. Acquisition of furniture for selected classrooms.

Part B: Improvement of Quality of Primary Education

1. Improvement of Pre-Service Teacher Training through:
 - (a) training of professors of teacher training colleges;
 - (b) construction of observation classrooms in the ccoles d'Application and of documentation centers; and
 - (c) acquisition of furniture and equipment for the observation and documentation centers and of reference books for the documentation centers.
2. Professional development and in-service training of prefectoral inspectors, sector inspectors and primary school directors.
3. In-service training of primary school teachers.
4. Strengthening DEPEPERAI's applied pedagogical research capacity, acquisition of related materials and supplies (including collective teaching materials for primarily schools) and staff training.

Part C: Improvement of Education Management

1. Strengthening MINEPRISEC's Directorate of Studies and Evaluation's capacity for policy analysis, acquisition of appropriate equipment and staff training.
2. Strengthening of MINIPRISEC's Directorate of Education Planning capacity to plan for primary and secondary education and related finances, acquisition of appropriate equipment and staff training.
3. Strengthening MINEPRISEC's Directorate of Financial Services' technical capacity for budget-preparation and implementation, acquisition of appropriate equipment and materials, and staff training.
4. Strengthening MINEPRISEC's Division of Personnel Management, acquisition of appropriate equipment and materials, and staff training.
5. Improving the effectiveness of the Borrower's primary school examinations through:
 - (a) reorganizing the national examination taken upon the completion of primary education so as to enable such examination to assess the educational attainment of students taking it;
 - (b) studying the functions, content and number of current examinations in order to formulate relevant changes; and
 - (c) improving the system for organizing, financing and correcting examinations.
6. Strengthening the management capabilities of prefectoral

inspection and secondary school administrators, acquisition of appropriate equipment and materials, and training of prefectural inspectors and secondary school administrators.

7. Improving the information base for policy analysis and development and for decision-making of the Université Nationale du Rwanda and increasing the efficiency of its allocation and use of resources through rationalization of data collection system, and its expansion into an integrated management information system, acquisition of equipment and materials, and related training of staff of the Université du Rwanda.

8. Studies, experiments and preparation of future investments.

* * *

The Project is expected to be completed by March 31, 1996.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Rwanda may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Rehabilitation and reconstruction works may be carried out by force account.

2. Construction works and contracts for furniture may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for furniture, equipment, vehicles and teaching materials estimated to cost the equivalent of \$75,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be

furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

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

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

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into

the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

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

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

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (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 5

Implementation Program

- A. Part A of the Project
1. The Interministerial Commission referred to in Section 3.03 of this Agreement shall, each year, prepare an allocation plan to divide the proceeds of the Credit allocated to Categories (1) (a) and (2) in the table in paragraph 1 of Schedule 1 to this Agreement (the Primary Education Funds) among the Prefectures and shall monitor the implementation of Part A of the Project.
 2. The Prefectoral Council for Education in each Prefecture shall prepare an allocation plan to divide among its constituent communes the portion of the Primary Education Funds allocated to such Prefecture.
 3. The Communal Council for Education in each commune shall:
 - (a) prepare an allocation plan to divide the part of the Primary Education Funds allocated to such commune among primary schools in the commune;
 - (b) prepare a Protocol for submission to the DFCS as provided for in paragraph 6 hereunder; and
 - (c) execute Part A of the Project in respect of such Commune under the supervision of the DFCS, and in accordance with the terms of the Protocol.
 4. The allocation plans referred to in the preceding three paragraphs shall be made using the allocation models agreed upon between the Borrower and the Association.
 5. When used for new construction under Part A.1 of the Project, the Primary Education Funds shall be used only in order to:
 - (a) complete existing primary schools so as to enable such schools to operate on six academic years divided into two cycles; and
 - (b) create new schools based on the school mapping exercise referred to in paragraph 2 (c) of Part B of this Schedule.
 6. No payments shall be made or authorized by the DFCS out of the expenditures in any commune until such commune has furnished to the DFCS a protocol acceptable to DFCS, conforming to the standard form referred to in Paragraph 3 (b) (ii) of Schedule 1 to this Agreement, and containing, inter alia:
 - (a) a justification for the proposed school or classroom construction or the rationale for proposed rehabilitation and/or reconstruction or acquisition of furniture and the proposed budget and timetable for such construction, reconstruction or rehabilitation as the case may be;
 - (b) the number of the bank account opened for the purpose by the commune and the names of two authorized signatories;
 - (c) evidence of the deposit in such account of 10% of the estimated cost of the construction and/or furniture described in the protocol;
 - (d) the construction plans, including a description of the available land and the dimensions of the proposed classrooms, and the proposed procurement procedures;

(e) a description of the bookkeeping and monitoring system of the Communal Council for Education; and

(f) the expected disbursement schedule for the construction, reconstruction or rehabilitation and for the acquisition of furniture; and

(g) an undertaking by the Communal Council for Education to maintain the buildings and furniture financed under the Credit and a strategy for such maintenance.

B. Other Matters

The Borrower shall:

1. by December 31, 1991: (a) organize in DFCS, in a manner acceptable to the Association, three sections dealing respectively with administration and accounting, civil works, furniture and equipment; and (b) appoint an accountant, an administrator and two drivers to assist DFCS in the execution of the Project, all with qualifications and experience and terms and conditions of service acceptable to the Association;
 2. by June 30, 1992: (a) establish rules and procedures satisfactory to the Association governing the functioning of the Ecoles d'Application and the selection of their staff; (b) establish rules and procedures satisfactory to the Association governing education sector inspectors and primary school directors; and (c) complete a census of teaching staff and a school mapping exercise for primary education;
 3. by December 31, 1992, reorganize the national examination taken upon the completion of primary education in a manner acceptable to the Association and so as to enable such examination to assess the educational attainment of students taking it;
 4. by June 30, 1993: (a) complete a census of teaching staff and a school mapping exercise for secondary education; and (b) complete the computerization of primary education personnel records;
 5. by October 31, 1993, complete the reduction of the duration of primary education from eight years to six years; and (b) by June 30, 1994, complete the computerization of secondary education personnel records; and
 6. by June 30, 1994, complete the computerization of secondary education personnel records.
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