

CONFORMED COPY

CREDIT NUMBER 3346-UNI

Development Credit Agreement

(Second Primary Education Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 22, 2000

CREDIT NUMBER 3346-UNI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 22, 2000, between FEDERAL REPUBLIC OF NIGERIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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; 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) "AEP" means the AIDS Education/information/communication Program referred to under Part E of the Project;

(b) "AIDS" means a viral disease commonly referred to as the Acquired Immuno Deficiency Syndrome;

(c) "Financial Agreement" means the agreement referred to in paragraph 6 (d) of Schedule 4 to this Agreement;

(d) "First Primary Education Project" means the project described in the Development Credit Agreement for Credit Number 2191-UNI, entered into between the Borrower and the Association and dated August 15, 1991;

(e) "FME" means the Borrower's Federal Ministry of Education;

(f) "Mid-Term Review" means the mid-term review required under paragraph 3 (a) of Schedule 4 to this Agreement;

(g) "Naira" means the currency of the Borrower;

(h) "NETCOM" means the Network Committee established under the First Primary Education Project and referred to in paragraph 5 (a) of Schedule 4 to this Agreement, as modified for the purposes of the Project;

(i) "Participating Communities" means communities participating in the carrying out of Self-Help Projects as hereinafter defined;

(j) "PAS" means the Project Accounts Section of SPU referred to in paragraph 4 (a) of Schedule 4 to this Agreement;

(k) "Project Account" means the account referred to in Section 3.04 (a) of this Agreement;

(l) "Project Coordinator" means the coordinator referred to in paragraph 5 (d) of Schedule 4 to this Agreement;

(m) "Project Implementation Plan" means the Project Implementation Plan referred to in paragraph 1 (a) of Schedule 4 to this Agreement;

(n) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;

(o) "Self-Help Project" means a project to be undertaken by a Participating Community as defined under paragraph (i) above;

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

(q) "SPU" means the Special Projects Unit of UBEC referred to in paragraph 4 (a) of Schedule 4 to this Agreement;

(r) "UBEC" means the Borrower's Universal Basic Education Commission established and operating pursuant to the UBE Act; and

(s) "UBE" means the universal basic education program adopted by the Borrower and enacted through the Borrower's Universal Basic Education Act.

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 forty million one hundred thousand Special Drawing Rights (SDR 40,100,000).

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

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2004 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 (60) 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 February 1 and August 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 1 and August 1 commencing August 1, 2010 and ending February 1, 2035. Each installment to and including the installment payable on February 1, 2020 shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) 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 (3) 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 (6) 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 (5) 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 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 with due diligence and efficiency and in conformity with appropriate administrative, financial and education 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.

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 of the Project; and

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

Section 3.04. The Borrower shall:

(a) open and thereafter maintain, until completion of the Project, an account in a commercial bank to be used exclusively to defray the costs of Project

expenditures not financed from the proceeds of the Credit;

(b) deposit into the Project Account for each calendar year, no later than the first day of the calendar year, the amount of the Borrower's annual counterpart contribution to Project costs for such calendar year, as determined by agreement between the Borrower and the Association;

(c) deposit into the Project Account an initial amount equivalent to \$1,000,000; and (d) ensure that funds deposited into the Project Account are used solely for the purposes of carrying out the Project.

Section 3.05. The Borrower shall:

(a) by July 31, 2000, design the AEP referred to under Part E of the Project;

(b) by August 31, 2000, submit the draft AEP to the Association for its review and comments;

(c) promptly thereafter, finalize the AEP by taking into account the comments and recommendations made by the Association; and

(d) carry out the AEP in accordance with the modalities and timetable agreed upon with the Association.

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 (6) months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

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

(a) of this (i) maintain or cause to be maintained, in accordance with paragraph 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 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 its financial management system for the Project 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 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

Effective Date; Termination

Section 5.01. 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 furnished to the Association the Project Implementation Plan as formally approved by the Borrower, including a procurement plan for the Project;

(b) the Borrower has deposited into the Project Account the initial amount of \$1,000,000 equivalent specified in Section 3.04 (c) of this Agreement;

(c) the SPU has been established in UBEC with an adequate number of qualified and experienced staff employed on terms and conditions (including terms of reference) satisfactory to the Association; and

(d) the Borrower has appointed the auditors referred to in Section 4.01 (b) of this Agreement in accordance with the provisions of Section II of Schedule 3 to this Agreement.

Section 5.02. 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 VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of the Borrower responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

The Honourable Minister
Federal Ministry of Finance
Ahmadu Bello Way
Abuja, Nigeria

Cable address:

FEDMINFIN
Abuja

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 (MCI) or
64145 (MCI)

Facsimile:

(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 Abuja, Federal Republic of Nigeria, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By /s/ Jubril Martins-Kuye

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo

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:

Amount of the Credit Allocated (Expressed in	% of Expenditures
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Category	SDR Equivalent)	to be Financed
(1) Equipment, furniture, materials and supplies	25,550,000	100% of foreign expenditures and 95% of local expenditures
(2) Consultants' Services	1,900,000	100%
(3) Self-Help Projects:		
(a) Matching Grants	2,350,000	100% of amounts disbursed
(b) Monitoring and evaluation	150,000	95%
(4) Training	6,750,000	100%
(5) Unallocated	3,400,000	
TOTAL	40,100,000	

2. For the purposes of this Schedule:

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

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

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

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure: (a) for goods under contracts not exceeding \$100,000 equivalent each; and (b) for consultants' services under contracts not exceeding: (i) \$100,000 equivalent each for consulting firms; and (ii) \$50,000 equivalent each for individual consultants; all, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in: (i) strengthening the human resource capacity in its primary schools; (ii) creating an environment conducive to effective teaching and learning in its primary schools; (iii) improving the quality and availability of curriculum and other instructional materials in the primary schools; and (iv) developing an enhanced information base to facilitate decision making under the Borrower's universal basic education program.

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: Strengthening Human Resource Capacity

1. Training of primary school teachers and education personnel in essential aspects of primary education delivery, in pedagogy, continuous assessment, record keeping and school level accounting, use of school level curriculum modules, teacher support for school managers, use of local resources for instructional purposes, furniture maintenance and library use and care of books.

2. Training of education personnel in: (a) procurement matters; and (b) appropriate

development and use of education management information systems.

Part B: Improving Physical Environment for Teaching and Learning

1. Providing secure storage for textbooks and supplementary readers in about 740 rehabilitated primary schools, including the acquisition and provision to said primary schools of secure furniture and steel cabinets.

2. (a) The carrying out by Participating Communities of small scale Self-Help Projects. (b) The provision to the Participating Communities of matching grants for about 900 Self-Help Projects.

3. The monitoring and evaluation of: (i) the Self-Help Projects; (ii) inputs provided under the Project; and (iii) the results of the First Primary Education Project.

Part C: Improving the Quality and Availability of Curriculum Materials

1. Acquisition and provision of: (i) teachers' guides for all primary 1 core subjects; and (ii) laminated teaching aids, supplementary readers, library and reference books and other instructional materials for 740 rehabilitated schools.

2. (a) Acquisition of equipment required to enhance the production of educational video programs and documentaries for pre-school children; and (b) production and dissemination of the said programs and documentaries in the Borrower's territory through appropriate channels including inter alia the Nigeria Television Authority network.

Part D: Development of an Enhanced Information Base

1. (a) Collection, collation and processing of information gathered under the First Primary Education Project.

(b) The development of a comprehensive information base for decision-making and for planning and monitoring of the UBE Program.

(c) The carrying out of studies to: (i) examine issues relating to the production of quality teachers for the UBE Program; (ii) explore the modalities of distance education for teachers; (iii) explore the modalities of improving educational delivery through the analysis of actual teaching and learning sessions; (iv) analyze, ascertain and make recommendations regarding the relevancy of the present primary school curriculum; (v) explore the use of local communities as supervisory and teacher mentoring units, and (vi) identify, assess and improve the effectiveness of multi-grade teaching in primary schools.

2. The preparation of plans for the training of teachers under the Borrower's distance education scheme.

Part E: Increasing National Awareness about AIDS

1. Design of an appropriate AEP, aimed at increasing awareness about AIDS-related issues, to be targeted primarily at children and young adolescents.

2. Carrying out of the said AEP within the Borrower's territory, particularly in all primary schools as well as through appropriate mass media campaigns including, inter alia, radio and television programming, and relevant theatrical and musical activities.

* * *

The Project is expected to be completed by June 30, 2004.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: General

Goods 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 shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

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

(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

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.

Part C: Other Procurement Procedures

National Shopping

Goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$4,000,000 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.

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 shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract estimated to cost the equivalent of \$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 the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in January 1999 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, 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 estimated to cost less than \$100,000 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. Selection Based on Consultants' Qualifications

Services estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Single Source Selection

Services estimated to cost less than \$50,000 equivalent per contract 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.

3. Individual Consultants

Services that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines, 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: (i) each contract estimated to cost the equivalent of \$100,000 or more for the employment of consulting firms, and \$50,000 for individual consultants; (ii) each contract for the employment of consultants under single-source selection procedures; and (iii) all terms of reference for consulting services, 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

1. (a) The Borrower shall prepare and furnish to the Association a Project Implementation Plan in form and substance satisfactory to the Association setting out details of all procedures, guidelines, timetables and criteria required for the Project.

(b) The Borrower shall carry out the Project in accordance with the Project Implementation Plan and, except as the Association shall otherwise agree, the Borrower shall not amend or waive any provision of the Project Implementation Plan if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

2. The Borrower shall:

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

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about March 31 and September 30 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 by May 31 and November 30 of each year, or such later date as the Association shall request, the report referred to in subparagraph (b) of this paragraph, 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.

3. (a) The Borrower shall, no later than July 31, 2002, carry out with the Association, a mid-term review of the progress made in carrying out the Project. The Mid-Term Review shall cover, among other things: (i) the progress made in meeting the objectives of the Project; and (ii) the overall performance of the primary education sector under the institutional framework developed for the phasing in of the UBE Program.

(b) The Borrower shall carry out, no later than three (3) months after the completion of the Mid-Term Review, the recommendations of the Mid-Term Review as agreed with the Association and set out in an action plan satisfactory to the Association.

4. (a) The Borrower shall maintain SPU in a form and with functions and resources satisfactory to the Association.

(b) The Borrower shall maintain a Project Accounts Section in SPU in a form and with functions and staff with qualifications and experience satisfactory to the Association.

5. (a) The Borrower shall maintain NETCOM in form and with functions, staffing and resources satisfactory to the Association.

(b) NETCOM shall meet at least once every month and its membership shall include the Chief Executive of UBEC, as chairman, and representatives of FME, States and local government authorities, teachers' unions, parents' and teachers' associations, and Participating Communities.

(c) PAS shall: (i) prepare for the Project, monthly, quarterly and annual financial reports in form and substance satisfactory to the Association; and (ii)

promptly thereafter furnish said reports to the Association.

(d) NETCOM shall have a Project Coordinator acceptable to the Association who shall be responsible for overseeing: (i) the procurement of goods and services under the Project; (ii) ensuring the prompt disbursement of proceeds of the Credit allocated to schools; and (iii) the preparation and submission to the Association of the quarterly reports required for the Project.

6. (a) Each Participating Community shall establish, in a form and with functions and resources satisfactory to the Association, a Project Implementation Committee to be responsible for the day to day execution of Self Help Projects.

(b) Overall responsibility for the carrying out of the Self-Help Projects shall be assigned to the State and local education agencies.

(c) The procedures to be applied in the processing of Self-Help Projects shall include the following:

(i) the calling for Self-Help Project proposals to enable schools and communities to present within a specified time-frame assessable project proposals;

(ii) the collection, collation, and appraisal of Self-Help Project proposals at the State and local levels;

(iii) the forwarding of recommendations on successful proposals through UBEC to the Association for approval;

(iv) training and familiarization of the Participating Communities on the procedures and other contents of the implementation manual;

(v) the release of funds for approved Self-Help Projects in two installments, the second release being subject to a favorable performance monitoring report for the Self-Help Project;

(vi) the carrying out of a midterm review and final monitoring and evaluation of the Self-Help Project; and

(vii) the issuance of a completion certificate as evidence of the successful completion of the Self-Help Project.

(d) The Borrower and a Participating Community shall enter into a financial agreement, in form and substance satisfactory to the Association, which shall require the Participating Community to carry out the Self Help Project with due diligence and efficiency and in conformity with appropriate administrative and financial practices. The Financial Agreement shall include provisions requiring the Self-Help Project to be carried out by direct labor under the day to day supervision, at the community level, of the Participating Community's Project Implementation Committee.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) 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 of \$1,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount of \$500,000

until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 3,000,000.

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

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

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

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, 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 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; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

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

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

SCHEDULE 6

Performance Indicators

1. Focus Schools and Self Help Schools

(a) Nominal enrollment increased by 15% by December 31, 2004.

(b) Retention rates improved from 64% to 80% by December 31, 2004.

(c) Average scores on standardized tests improved from 43% to 50% by December 31, 2004.

(d) Each student has access to a textbook in 4 core subjects and to supplementary readers by December 31, 2001;

2. Training completed by December 31, 2003 of: (i) 1000 head teachers in school administration, budgeting, accounting, furniture care and teacher support; and (ii) 4000 teachers in new methods of curriculum delivery in core subjects and in learning assessment and reporting.

3. (a) Refurbishing of 740 focus schools and provision of cabinets and furniture for the said schools completed by December 31, 2002.

(b) 900 community Self-Help Projects satisfactorily completed by June 30, 2003.

4. All primary 1 teachers have received teacher's guides for four core subjects by August 31, 2001, and supplementary readers, reference books and teaching aids supplied to 740 focus schools by March 31, 2002.