

CONFORMED COPY

CREDIT NUMBER 2872 SE

Development Credit Agreement

(Higher Education Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 17, 1996

CREDIT NUMBER 2872 SE

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 17, 1996, 1996, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received a letter dated May 3, 1996, from the Borrower, describing a program of actions, objectives and policies designed to achieve to strengthen the performance of the Borrower's education sector (the Program) and declaring the Borrower's commitment to the execution of the Program; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications thereto set forth below (the General Conditions) con-

stitute an integral part of this Agreement:

- (a) The last sentence of Section 3.02 is deleted.
- (b) The second sentence of Section 5.01 is modified to read:

"Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "Beneficiary" means a professor or a group of professors receiving the Grant (as hereinafter defined) under Part B.3 of the Project;
- (b) "DAGE" means Direction d'Administration Generale et d'Equipment, the Directorate of General Administration and Equipment within MNE (as hereinafter defined);
- (c) "FCFA" means Franc de la Communauté Financière d'Afrique, the currency of the Borrower;
- (d) "First Project Year" means the twelve-month period beginning from the Effective Date and ending twelve months thereafter and "Project Year" or "PY" means any twelve-month period beginning at the end of the First Project Year or the end of subsequent Project Years;
- (e) "Grant" means a grant made or proposed to be made by MNE, under Part B.3 of Schedule 2 to this Agreement;
- (f) "Implementation Manual" means the manual, adopted by the Borrower pursuant to Section 6.01 (b) of this Agreement, and to be used by the Borrower for the implementation of the Project, containing detailed arrangements regarding the implementation of the Project, as the same may be amended from time to time, and such terms includes any schedules to the Implementation Manual;
- (g) "MNE" means the Borrower's Ministry of National Education;
- (h) "PIT" means Project Implementation Team established by the Borrower for the purposes of the Project and referred to in Part C.3 of Schedule 2 and paragraph 1 of Schedule 4 to this Agreement;
- (i) "Project Steering Committee" means the interministerial committee established by the Borrower on January 10, 1994, and referred to in paragraph 2 of Schedule 4 to this Agreement;
- (j) "Project Account" means the Account referred to in Section 3.04 (a) of this Agreement;
- (k) "Project Preparation Advances" means the project preparation advances granted by the Association to the Borrower pursuant to the exchange of letters, dated May 13, 1992 and October 20, 1992, and February 22, 1994 and May 26, 1994, between the Borrower and the Association;
- (l) "Research Committee" means the committee referred to in paragraph 8 (b) of Schedule 4 to this Agreement;
- (m) "Research Fund" means the fund to be managed under the

responsibility of MNE under Part B.3 of Schedule 2 to this Agreement;

(n) "Research Fund Operational Manual" means the manual, adopted by the Borrower pursuant to Section 6.01 (a) of this Agreement, and to be used by the Borrower for the implementation of Part B.3 of the Project, containing guidelines, criteria and procedures governing the Grant and allocations to be made by the Borrower to the Research Fund (as herein-after defined), as the same may be amended from time to time, and such terms includes any schedules to the Research Fund Operational Manual;

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

(p) "Sub-Account" means the account referred to in Section 3.04 (b) of this Agreement;

(q) "UCAD" means the Borrower's Universite Cheikh Anta Diop de Dakar; and

(r) "USL" means the Borrower's Universite Saint-Louis.

## 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 eighteen million four hundred thousand Special Drawing Rights (SDR 18,400,000).

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

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be June 30, 2003, 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 May 1 and November 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each May 1 and November 1 commencing November 1, 2006 and ending May 1, 2036. Each installment to and including the installment payable on May 1, 2016, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

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

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out Parts A, B.1, B.2, B.4, B.5 and C of the Project in accordance with the Implementation Manual and Part B.3 of the Project, in accordance with the Research Fund Operational Manual, with due diligence and efficiency and in conformity with appropriate 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 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 limitations thereto, the Borrower shall:

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

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

Section 3.04. (a) The Borrower shall open an account in FCFA to be operated and maintained by PIT (the Project Account), in a commercial bank on terms and conditions acceptable to the Association, and, in accordance with the schedule described in paragraph (c) of this Section, shall deposit therein its annual contribution decided jointly by the Borrower and the Association, and all such amounts as may be required for the purpose of the implementation of the Project, except for Part B.3 of the Project.

(b) The Borrower shall, for the purpose of Part B.3 of the Project, open an account in FCFA to be operated and maintained by PIT (the Sub-Account), in a commercial bank on terms and conditions acceptable to the Association, and, in accordance with the schedule described in paragraph (c) of this Section, shall deposit therein its annual contribution decided jointly by the Borrower and the Association, and all such amounts as may be required for the purpose of the implementation of Part B.3 of the Project.

(c) The Borrower shall deposit its contribution to the costs of the Project into the Project Account and the Sub-Account in accordance with the following schedule: (i) not later than July 1, 1997, for the Second Project Year; (ii) not later than July 1, 1998, for the Third Project Year; (iii) not later than July 1, 1999, for the Fourth Project Year; (iv) not later than July 1, 2000, for the Fifth Project Year; and (v) not later than July 1, 2001, for the Sixth Project Year.

Section 3.05. The Borrower shall take, or cause to be taken, all necessary measures to increase the average teaching hours of professors: (i) by at least one hour per week, not later than December 31, 1998; and (ii) by at least two hours per week, not later than December 31, 1999.

Section 3.06. The Borrower shall: (i) not later than December 31, 1998, carry out a detailed evaluation of all major existing educational institutions within the territory of the Borrower; and (ii) not later than December 31, 1999, take all necessary measures to establish, within MNE, a system to ensure quality control and program accreditation by MNE on a regular and systematic basis.

Section 3.07. The Borrower shall, not later than December 31, 1998, prepare and finalize an action plan, acceptable to the Association, for the purpose of outsourcing all major maintenance functions of UCAD and USL and thereafter implement such plan.

#### 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, 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 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 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 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 the Research Fund Operational Manual, in form and substance acceptable to the Association;
- (b) the Borrower has adopted the Implementation Manual, in form and substance acceptable to the Association;
- (c) the Borrower has furnished to the Association, the bidding documents, acceptable to the Association, for all civil works to be carried out during the First Project Year; and all documentation regarding all major packages to be procured in accordance with the provisions of Part B of Section I of Schedule 3 to this Agreement;

(d) the Borrower has deposited into the Project Account an amount equivalent to \$250,000, its contribution for the First Project Year as referred to in Section 3.04 (a) of this Agreement;

(e) the Borrower has, for purposes of Article IV of this Agreement, appointed an independent auditor in accordance with the provisions of Section II of Schedule 3 to this Agreement; and

(f) the Borrower has established a management information system, acceptable to the Association, to enable MNE to measure performance against the monitoring indicators agreed with 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 responsible for finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Economy, Finance  
and Planning  
Rue Charles Laine  
B.P. 4017  
Dakar, Senegal

Cable address:

MINIFINANCE  
Dakar

Telex:

3203 G

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:

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

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

REPUBLIC OF SENEGAL

By /s/ Mamadou Mansour Seck  
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:

Category	Amount of the Credit Allocated (Expressed in SDR equivalent)	% of Expenditures to be financed
(1) Civil Works	6,700,000	100% of foreign expenditures and 95% of local expenditures
(2) Equipment, Vehicles and Furniture	3,800,000	100% of foreign expenditures and 90% of local expenditures
(3) Books and Pedagogic Materials	2,300,000	100% of foreign expenditures and 90% of local expenditures
(4) Consultants' services including training	1,300,000	100%
(5) Grants under Part B.3 of the Project	1,000,000	50% of amount disbursed by MNE
(6) Operating costs	600,000	90%
(7) Refunding of Project Prepara- tion Advances	1,300,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(8) Unallocated	1,400,000	
TOTAL	18,400,000 =====	

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; 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 expendi-



tures"; and

(c) the term "operating costs" means incremental recurrent expenditures incurred for the carrying out of the Project for staff salaries and travel allowances, office communication, minor office equipment and supplies, utilities, fuel, and maintenance and insurance of vehicles used by the Project.

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

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

## SCHEDULE 2

### Description of the Project

The objective of the Project is to establish an efficient system of higher education, with greater cost-effectiveness and more relevance to socio-economic development within the territory of the Borrower.

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: Improvement of Library Services

1. Expansion and rehabilitation of UCAD's library, including: (i) installation of an air-conditioning system in the book storage and computer areas, replacement of elevators in the storage area, and transformation of the current reference and reading rooms into a modular office and work area; (ii) rehabilitation and expansion of UCAD library's present structure to increase overall seating capacity from 350 to about 1600; (iii) construction and equipping of an audio-visual room; (iv) construction and equipping of a workroom for repairing and binding books and periodicals; and (v) carrying out of architectural studies, designs and control.

2. Installation at UCAD and USL of computer networks for the treatment of, and access to, books and for links with satellite libraries and international data bases.

3. Acquisition of about 80,000 library books, 12,500 textbooks and CD-ROMs, subscription to about 1,000 periodicals, and printing of course syllabi.

4. Organization of training for the staff at the UCAD and USL libraries.

#### Part B: Teaching and Research Upgrading

1. Reinforcement of applied science teaching, including: (i) acquisition of laboratory equipment and teaching materials; (ii) establishment of an incentive-based program for maintenance of equipment and replacement of supplies; and (iii) organization of in-service training for professors and teaching laboratory assistants.

2. Development and pilot testing of an accreditation system including: (i) provision of technical advisory services for the development of initial accreditation protocols and design and printing of accreditation protocols; (ii) establishment of an equivalence system; (iii) organization of study-visits; and (iv) acquisition of equipment and vehicles.

3. Establishment and management of a competitive research fund

including provision of research grants to professors and/or group of professors on a matching basis.

4. Carrying out of a study of alternative models for teaching and financing, including: (i) economic analysis through an employer survey and a tracer study of graduates; (ii) organization of training of DAGE staff in preparation of budget simulations and projections; (iii) a study on the feasibility and appropriateness of entrusting higher education to the private sector; (iv) a study of cost and pedagogical implications for development of regional campuses; (v) a study on university site-plans; and (vi) a study on higher education development and university research master-plan.

5. Installation of a computerized information system, including: (i) rehabilitation of the principal faculty or departmental libraries; (ii) installation of computer networks linked to the Internet; (iii) acquisition of furnishings and equipment; (iv) pilot-testing of computer based distance education; (v) collections cataloguing; and (vi) organization of local and overseas training.

Part C: Strengthening Management Capacity:

1. Reorganization of student services, including: (i) computerization of the Department of Grants and Fellowships within MNE, and the students' services at Dakar and Saint-Louis; (ii) rehabilitation of student services buildings at Dakar and Saint Louis; and (iii) provision of technical advisory services on management related areas including training of staff of the students' services at Dakar and Saint-Louis.

2. Development of a maintenance system, including: (i) carrying out of a study of the maintenance functions and the management of the university infrastructure to develop a strategic plan for maintenance and facilities management; (ii) organization of training for maintenance program managers and inspectors; and (iii) acquisition of equipment.

3. Strengthening of the PIT, including: (i) organization of training in project management, procurement and disbursement for the benefit of the PIT staff; and (ii) acquisition of equipment, materials and supplies.

\* \* \*

The Project is expected to be completed by December 31, 2002.

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 1996 (the Guidelines) and the following provisions of this Section, as applicable.

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) Prequalification

Bidders for works under Part A.1 of the Project shall be pre-

qualified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines.

(b) Grouping of contracts

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

(c) 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.

(d) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost \$10,000,000 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

Goods estimated to cost \$100,000 equivalent or less per contract and \$500,000 equivalent or less in the aggregate and works estimated to cost \$100,000 equivalent or less per contract and \$250,000 equivalent or less in the aggregate 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 \$25,000 equivalent or less per contract and \$200,000 equivalent or less in the aggregate, 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 Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank 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 Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods 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

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on

the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each or (b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Bank review shall not apply to: (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Bank, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

#### SCHEDULE 4

##### Implementation Program

###### Coordination and Management

1. (a) MNE shall have the overall responsibility for coordination and management of the Project. MNE shall work in close cooperation and interaction, inter alia, with UCAD and USL, the students' services of Dakar and Saint-Louis, DAGE and the higher education and fellowship directorates of MEN. The PIT, shall have the responsibility for the routine functioning of the Project and shall ensure its overall coordination on behalf of MNE.

(b) Except as the Association shall otherwise agree, the Borrower shall, in the carrying out of the Project, apply the rules, procedures and guidelines, specified in the Implementation Manual, and shall not assign, amend, abrogate or waive the Implementation Manual or any provision thereof which, in the opinion of the Association, will materially or adversely affect the implementation of the Project.

2. (a) For the purpose of planning, problem solving and evaluation regarding the Project, the Borrower shall maintain, until the completion of the Project, the Project Steering Committee. The Project Steering Committee shall be chaired by the Minister of Education of the Borrower and shall include, inter alia, the representatives of the Ministers of Economy, Finance and Planning, Public Health and Social Action, Modernization, Labor and Employment, Scientific Research and Technology, Education and National Languages, Vocational Training and Technical Education, the two Rectors of UCAD and USL and the directors of the students' services at Dakar and Saint-Louis.

(b) The Project Steering Committee shall meet at least four times annually.

3. The Borrower shall furnish to the Association: (i) not later than May 31 and November 30 of each year, progress reports on the implementation of the Project; (ii) not later than November 30 of each year, annual projected work programs and budgets; and (iii) not later than November 30 of each year, all background documentation for an annual review of the Project to be organized and carried out during the fourth quarter of each year.

###### Annual Review

4. (a) The Borrower shall, not later than December 31 of each year, carry out in accordance with indicators, satisfactory to the Association, an annual Project implementation review aimed at: (i) documenting progress toward objectives; (ii) identifying and resolving obstacles to Project implementation; and (iii) adjusting, in agreement with the Association, targets and corresponding programs to reflect progress

achieved in the implementation of the Project in the prior years and ensuring responsiveness to changes to effectively achieve the objectives of the Project.

(b) The Borrower shall, not later than four (4) weeks prior to the review referred to in (a) above, furnish to the Association, a report, in such detail as the Association shall reasonably request, including an evaluation of the progress achieved in Project implementation.

(c) Promptly after completing such reviews, the Borrower shall carry out recommendations arising out of said reviews, with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

#### Midterm Review

5. (a) The Borrower shall, not later than October 31, 1999, carry out, through the Project Steering Committee, jointly with the Association, and in accordance with indicators acceptable to the Association, a mid-term review of the progress made in the carrying out of the Project.

(b) The midterm review shall cover, inter alia, the implementation of measures designed to strengthen the financial reporting, monitoring, accounting and auditing carried out under the Project, and shall discuss and finalize a plan prepared by the Borrower for the transfer of the functions of PIT into the organization of MNE.

(c) Not later than one month prior to such midterm review, the Borrower shall furnish to the Association, for its review and comments, a report in such detail as the Association shall reasonably request, including an evaluation of the progress achieved in complying with Project implementation pursuant to the terms of this Agreement, and recommendations resulting from the studies conducted under the Project.

(d) Promptly after completing such midterm review, the Borrower shall carry out, or cause the Project Steering Committee to carry out, the recommendations emanating from the said midterm review.

6. Unless the Borrower and the Association otherwise agree, the Borrower shall, by not later than November 30, 1999, take all necessary administrative and governmental action to ensure that the functions of the PIT are effectively integrated into the organization of MNE, following the finalization of the plan referred to in paragraph 5 (b) of this Schedule.

#### Part A.1 of the Project

7. For the purpose of carrying out the oversight responsibility under Part A.1 of the Project, the Borrower shall employ a private sector enterprise specializing in construction contract management, in accordance with the provisions of Section II of Schedule 3 to this Agreement.

#### Research Fund (Part B.3 of the Project)

8. (a) Without limitation upon the provision of paragraph 1 (b) of this Schedule, and except as the Association shall otherwise agree, the Borrower shall, in the carrying out of Part B.3 of the Project, apply the rules, procedures and eligibility criteria, specified in the Research Fund Operational Manual and shall not assign, amend, abrogate or waive the Research Fund Operational Manual or any provision thereof which, in the opinion of the Association, will materially or adversely affect the implementation of Part B.3 of the Project.

(b) For the purpose of evaluating and approving a Grant, MNE shall establish a Research Committee, with terms of reference acceptable to the Association. The Research Committee shall make the Grant available to the Beneficiary in accordance with the guidelines and criteria set forth in the Research Fund Operational Manual and shall, inter alia, ensure that:

- (i) a detailed research proposal has been submitted by the Beneficiary;
- (ii) the research proposal is inexpensive; and
- (iii) MNE shall have the right to obtain from the Beneficiary all such information as MNE or the Association shall reasonably request pertaining to the utilization of the Grant.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (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, works 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 FCFA 500,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to FCFA 250,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions 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 payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid

out of the Special Account for eligible expenditures.

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

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

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

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

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

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

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, 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 paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

