

**CONFORMED COPY**

**IDA GRANT NUMBER H0200 SL**

# **Development Grant Agreement**

**(Rehabilitation of Basic Education Project)**

**between**

**REPUBLIC OF SIERRA LEONE**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

Dated February 28, 2003

**IDA GRANT NUMBER H0200 SL**

**DEVELOPMENT GRANT AGREEMENT**

AGREEMENT, dated February 28 , 2003, between the REPUBLIC OF SIERRA LEONE (the Recipient) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Recipient, 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 July 9, 2002 from the Borrower, describing a program of actions, objectives and policies designed to rehabilitate the Recipient's education sector (hereinafter called the Program);

(C) the Association was authorized, under Resolution No. 549 adopted on September 29, 2002, by the Board of Governors of the International Bank for Reconstruction and Development (the "Bank"), to use the funds transferred to the Association out of the Bank's fiscal year 2002 net income to provide financing in the form of grants and the development grant set forth in Section 2.01 of this Agreement (the Grant) is consistent with such policies; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Grant to the Recipient 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. (a) The following provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement

- (i) Article I;

- (ii) Article II;
  - (iii) Section 3.01;
  - (iv) Sections 4.01, 4.02, 4.05 and 4.06;
  - (v) Article V;
  - (vi) Sections 6.01, 6.02, 6.03, 6.04 and 6.06;
  - (vii) Article VIII;
  - (viii) Article IX;
  - (ix) Article X;
  - (x) Article XI; and
  - (xi) Sections 12.01, 12.02, 12.03, 12.04 and 12.05.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Borrower”, wherever used in the General Conditions, means the Recipient;
  - (ii) the term “Development Credit Agreement”, wherever used in the General Conditions, means this Development Grant Agreement;
  - (iii) the term “Credit” and “credit”, wherever used in the General Conditions, means the Grant;
  - (iv) the term “Credit Account”, wherever used in the General Conditions, means the Grant Account; and
  - (v) Section 12.05 is modified to read as follows:

“This Development Grant Agreement and all obligations of the parties thereunder shall terminate on June 30, 2015.”

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) “Eligible School” means a primary or junior secondary school in one of the Target Districts (as hereinafter defined) which meets the eligibility criteria set forth in the PIM (as hereinafter defined) and in Schedule 4 to this Agreement, and for the benefit of which a Subproject (as hereinafter defined), is carried out or proposed to be carried out;

(b) “Eligible Service Provider” means a district education office; an association, a non-governmental organization, a community-based organization, a civil society group or a religious body, which has met the eligibility criteria and requirements set forth in PIM (as hereinafter defined) and in Schedule 4 to this Agreement and which, as a result, is entitled to receive a School Grant for carrying out a Subproject under Part A of the Project;

(c) “Financial Monitoring Report” and “FMR” mean each report prepared in accordance with Section 4.02 of this Agreement;

(d) “Financial/Procurement Management Agent” and “FPMA” mean the private financial institution, accounting or audit firm to be appointed by the Recipient pursuant to Paragraph 7 of Schedule 4 to this Agreement to manage the proceeds of the Grant, including procurement and financial accounting;

(e) “Full School Grant” means a School Grant (as hereinafter defined) which includes all the items specified in sub-paragraphs (a) to (i) of Paragraph 15 of Schedule 4 to this Agreement;

(f) “Leone” means the currency of the Recipient;

(g) “MEST” means the Recipient’s Ministry of Education, Science and Technology;

(h) “Partial School Grant” means a School Grant (as hereinafter defined) which includes the items indicated in subparagraphs (c) to (i) of Paragraph 15 of Schedule 4 to this Agreement;

(i) “Project Implementation Manual” and “PIM” mean the manual for the implementation of the Project referred to in Paragraph 1 of Schedule 4 to this Agreement,

which includes the Project Operations Manual, the Partnership Manual and the Project Implementation Plan;

(j) "Project Steering Committee" and "PSC" mean the committee to be established by the Recipient in MEST for the purposes of general oversight of the Project and which shall be composed of 40% membership from civil society;

(k) "Project Coordination Unit" and "PCU" mean the unit to be established by the Recipient in MEST under the supervision of the PSC for the purposes of coordinating and supervising the day-to-day activities under the Project;

(l) "Project Preparation Advance" means the project preparation advance granted by the Association to the Recipient pursuant to the letter agreements signed on behalf of the Association on April 14, 1993, November 29, 1993, and August 14, 1996, respectively and on behalf of the Recipient on April 20, 1993, December 2, 1993 and August 21, 1996, respectively;

(m) "School Grant" means a grant made or to be made through an Eligible Service Provider for the financing of a Subproject under Part A of the Project for the benefit of an Eligible School;

(n) "School Grant Agreement" means an agreement to be entered into between the PCU and an Eligible Service Provider for the purpose of carrying out a Subproject for the benefit of one or more Eligible Schools;

(o) "School Management Committee" means, in respect of each Eligible School, the committee established in accordance with the Recipient's Education Act to be responsible for the management of day-to-day operations of the school and for the supervision and monitoring of the basic operational level standards at the school;

(p) "Service Provider" means a district education office, an association, a non-governmental organization, a community based organization, a civil society group or a religious body, which has applied or intends to apply to receive a School Grant for the purpose of carrying out a Subproject (as hereinafter defined) under Part A of the Project;

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

(r) "Subproject" means an activity to be carried out by an Eligible Service Provider for the benefit of an Eligible School under Part A of the Project and which, having met the eligibility criteria set forth in the PIM and the provisions of Schedule 4 to

this Agreement, is eligible for financing, on a grant basis, out of the proceeds of the Grant; and

(s) "Target Districts" means the districts of Rural Freetown, Kenema, Tonkolili, Pujehun, Kambia, Koinadugu and Kailahun.

## **ARTICLE II**

### **The Grant**

Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to fifteen million, one hundred thousand Special Drawing Rights (SDR 15,100,000).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Grant; and (ii) amounts paid (or, if the Association shall so agree, amounts to be paid) by the Recipient on account of withdrawals made to meet the reasonable cost of goods, works and services required for any Subproject in respect of which the withdrawal from the Grant Account is requested.

(b) The recipient may open and maintain in Dollars a separate special deposit account for the purposes of the Project in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Recipient, withdraw from the Grant 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, 2008 or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

Section 2.04. (a) The recipient shall pay to the Association a commitment charge on the principal amount of the Grant 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 Recipient from the Grant 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 Recipient; 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. Commitment charges shall be payable semiannually on March 1 and September 1 in each year.

Section 2.06. 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 recipient 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 MEST with due diligence and efficiency and in conformity with appropriate administrative, financial 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 Recipient and the Association shall otherwise agree, the Recipient 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 Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. Without limitation upon the provisions of Section 3.01 of this Agreement, the Recipient shall, for the purposes of facilitating its counterpart contribution to the Project:

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

(b) deposit into the Project Account an amount (hereinafter referred to as the Initial Amount) in Leones equivalent to \$20,000, and thereafter, on or before March 31 in each year, deposit into the Project Account such amounts as are estimated to be required for that calendar year or such other amount as shall be agreed between the Recipient and the Association; and

(c) ensure that the amounts deposited into the Project Account in accordance with paragraph (b) of this Section shall be used exclusively for expenditures under the Project not otherwise financed from the proceeds of the Grant.

Section 3.04. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Recipient 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 Recipient and the Association, a plan designed to ensure the continued achievement of the Project's objectives; and

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

## **ARTICLE IV**

### **Financial Covenants**

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



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

(b) The recipient shall:

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

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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Grant 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.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set forth in Schedule 4 of this Agreement, the Recipient shall prepare and furnish to the Association a Financial Monitoring Report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Grant, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than forty-five (45) days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than forty-five (45) days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Remedies of the Association**

Section 5.01. Pursuant to Section 6.02 (l) 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 this Agreement within the meaning of Section 12.01 (b) of the General Conditions:

- (a) the Recipient has appointed an independent auditor for the Project in accordance with the provisions of Section II of Schedule 3 to this Agreement; and
- (b) the Recipient has deposited the Initial Amount into the Project Account.

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 Recipient; Addresses**

Section 7.01. The Minister of Finance of the Recipient is designated as the representative of the Recipient 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 Recipient:

The Minister of Finance  
Ministry of Finance  
Ministerial Building  
George Street  
Freetown, Sierra Leone

Facsimile Number: 232 22 228 472

For the Association:

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

Cable address:	Telex:	Facsimile
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

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

REPUBLIC OF SIERRA LEONE

By /s/ Hassan Conteh

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto E. Madavo

Regional Vice President  
Africa

## SCHEDULE 1

### Withdrawal of the Proceeds of the Grant

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

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditure to be Financed</u>
(1) Goods	350,000	100% of foreign expenditures and 90% of local expenditures
(2) Consultants' Services and Training	850,000	100% of foreign expenditures and 90% of local expenditures
(3) School Grants under Part A of the Project	13,000,000	100% of amounts disbursed
(4) Operating Costs	250,000	90%
(5) Project Preparation Advance	350,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(6) Unallocated	300,000	
TOTAL	<u>15,100,000</u> =====	

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 Recipient for goods or services supplied from the territory of any country other than that of the Recipient;

(b) the term "local expenditures" means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient; and

(c) the term “operating costs” means the incremental operating costs incurred on account of Project implementation, management and monitoring, including office supplies, office space rental and utilities, Special Account banking charges, audits, communications, maintenance and insurance of vehicles, fuel, travel per diems and allowances for staff, travel and accommodations, and contractual staff recruited to work with MEST, but excluding salaries of officials of the Recipient’s civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement; and

(b) expenditures under Category 3 for any School Grant, unless such School Grant has been approved in accordance with the eligibility criteria, procedures and terms and conditions set forth in Schedule 4 to this Agreement and further described in the PIM.

4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for: (i) goods under contracts costing less than \$100,000 equivalent each; (ii) services under contracts costing less than: (A) \$100,000 equivalent each for consulting firms, and (B) \$50,000 equivalent each for individual consultants; school grants under Part A of the Project; and (iv) operating costs.

## **SCHEDULE 2**

### **Description of the Project**

The objective of the Project is to assist the Recipient to carry out the Program which aims at re-establishing education services in the post-conflict context and preparing the ground for strengthening the education sector, by: (i) assisting eligible schools to achieve basic operational level; and (ii) improving the capacity of MEST to plan and manage the delivery of education services.

#### **Part A: Rehabilitation of the School System**

Provision of School Grants through Eligible Service Providers for the purpose of upgrading Eligible Schools to meet the basic operation level standards set forth in the PIM, through, among other things:

1. Reconstruction, rehabilitation and repair of school premises.
2. Acquisition of furniture, textbooks and teacher guides, including peace education toolkits.
3. Training of teachers and of members of school management committees.

#### **Part B: Institutional and Management Capacity Building of MEST**

1. Strengthening the capacity of MEST to plan, manage and monitor the provision of its education services and to coordinate and monitor the provision of education services by private sector providers.
2. Provision of training to quality assurance officers, School Management Committees and teachers, including in-service teacher training.
3. Establishment of a computerized education management information system, including acquisition of equipment and training of key personnel on statistics and on use of information for planning, management of personnel and monitoring use of resources.

\* \* \*

The Project is expected to be completed by December 31, 2007.

### **SCHEDULE 3**

#### **Procurement**

Section I.        Procurement of Goods and Works

Part A:        General

1. Goods and works shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the provisions of the following Parts of this Section I.

Part B:        International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods 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 Recipient.

Part C:        Other Procurement Procedures

1.        National Competitive Bidding

Contracts for goods estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.



2. Shopping

Goods estimated to cost less than \$30,000 equivalent per contract, which cannot be grouped together and which are readily available off-the-shelf, may be procured under contracts awarded either on the basis of national shopping procedures or international shopping procedures, depending on local availability, in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement from UN Agencies

Contracts for goods not exceeding the equivalent of \$50,000 each may be procured from the Inter-Agency Procurement Services Office (IAPSO) in accordance with the provisions of paragraph 3.9 of the Guidelines.

4. Community Participation

Goods and works required for Part A of the Project may be procured following the provisions of paragraph 3.15 of the Guidelines and in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

(a) With respect to each contract for goods estimated to cost the equivalent of \$100,000 or more, and the first two contracts for goods awarded on the basis of National Competitive Bidding, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) The first three Subproject agreements, and thereafter all Subproject agreements estimated to cost the equivalent of \$200,000 or more, shall be subject to prior review before they are signed.

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

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

Part B: Quality- and Cost-based Selection

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

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for all assignments estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 and footnote 8 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for financial and procurement auditing may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Consultants' 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.

3. Individual Consultants

Consultants' services for tasks 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

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Association for its review and approval prior to the issuance to consultants of any requests for proposals. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more and the first two contract estimated to cost less than the equivalent of \$100,000 but more than \$50,000, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

## **SCHEDULE 4**

### **Implementation Program**

#### Project Implementation Manual

1. The recipient shall prepare and furnish to the Association a Project Implementation Manual (PIM) for the Project, in form and substance satisfactory to the Association. Except as the Association shall otherwise agree, no provisions of the PIM shall be amended or waived, if in the opinion of the Association, such amendment or waiver will materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

#### Institutional Arrangements

2. For the purpose of general oversight of the Project, the Recipient shall establish, and maintain for the duration of the Project, the Project Steering Committee (PSC) with membership comprising of 40% from civil society and 60% from the public agencies of the Recipient. The PSC shall, among other things: (i) have oversight on the Recipient's rehabilitation of its education sector; (ii) promote coordination of education sector initiatives; (iii) define broad priorities of action for the Project; (iv) review the progress towards achieving the Project's objectives; (v) review and approve subprojects under Part A of the Project; and (vi) monitor and evaluate Project outcomes.

3. For the purposes of coordinating and supervising the day-to-day activities under the Project, the Recipient shall establish and maintain for the duration of the Project, a Project Coordination Unit (PCU) under the supervision of the PSC. The PCU shall be adequately staffed with persons having qualifications, experience and terms of reference acceptable to the Association, including: (i) a Director, (ii) a Technical Coordinator, (iii) a Partnership Coordinator, and (iv) appropriate support staff in adequate numbers.

4. The PCU shall be responsible for: (i) performing technical reviews of proposed subprojects and making recommendations to the PSC for approval or not of Subprojects; and (ii) regular monitoring and evaluation of the Project.

5. For the purposes of undertaking procurement under the Project, the Recipient shall establish and maintain for the duration of the Project, a Procurement Unit under the supervision of the PCU. The Procurement Unit shall be adequately staffed with persons having qualifications, experience and terms of reference acceptable to the Association.

6. The Procurement Unit shall be responsible for: (i) procurement planning and processing; (ii) supervising performance of contracts with suppliers; (iii) stores management; (iv) providing a secretariat for the MEST Tender Committee; (v) assessing the procurement capacity of each Service Provider prior to signature of a Subproject Agreement and making recommendations for any required improvements; (vi) providing procurement assistance, including capacity building and training of Eligible Service Providers; and (vii) supervising and ensuring compliance with the Association's Guidelines of procurement carried out by Eligible Service Providers using MEST funds.

7. The recipient shall recruit a Financial/Procurement Management Agent with experience and qualifications satisfactory to the Association to assist in the implementation of the Project through carrying out: (i) the financial management of Project activities, including the accounting and disbursement requirements thereof; and (ii) reporting requirements and monitoring activities.

#### Implementation Arrangements

8. The recipient shall carry out the Project in accordance with the PIM.

9. In carrying out Part A of the Project, the Recipient shall apply the procedures and guidelines set forth in the PIM including, but not limited to the following.

#### Eligibility Criteria

10. The PCU will carry out an institutional capacity assessment of Service Providers as set forth in the PIM.

11. In order to be eligible to carry out a subproject under Part A of the Project, Service Providers must demonstrate that:

- (a) key personnel are in place;
- (b) they have the capacity to procure works, goods and services according to procedures established under the Project;
- (c) they have adequate financial management and reporting capacity; and
- (d) they have adequate capacity to monitor and report on project activities.

12. Service providers who do not demonstrate the capacity to procure and manage large civil works contracts but which meet all the other eligibility criteria may be approved on the basis that they work with an approved works management agent in implementation.

13. Priority will be given to service providers who submit comprehensive proposals gathering a number of schools not smaller than ten.

14. Small community-based organizations and non governmental organizations will be permitted to partner with larger service providers to submit proposals.

15. The following types of expenditures shall be eligible for financing out of the proceeds of the Grant under Part A of the Project:

- (a) construction, renovation, or repair of school facilities;
- (b) classroom furniture;
- (c) textbooks;
- (d) teaching and learning materials;
- (e) teacher and headmaster training;
- (f) school-based peace building initiatives;
- (g) management support and overhead of the Eligible Service Providers, not to exceed 10% of the total amount of the School Grant;
- (h) teacher resettlement/reintegration;
- (i) training for school management committees or parent teacher associations;
- (j) non-formal or alternative education programs for over-age children; and
- (k) HIV/AIDS Prevention and Life Skills.

### Procedures for Subprojects

16. Applications for Subprojects shall be submitted by Service Providers to a Technical Committee of the PCU for initial review and comment and then passed on to the PSC for decision.

17. The PSC will meet on at least a quarterly basis to review proposals. Proposal review will ensure: (i) compliance with basic eligibility criteria (outlined above); (ii) that the value of the proposal does not exceed an agreed allocation for each district; (iii) that estimated unit costs for eligible expenditures are reasonable and in accordance with norms agreed with the Association; (iv) that the implementation plan is realistic and achievable within two years; and (v) that there is no duplicate support for schools.

### Terms and conditions of School Grant Agreements

18. In financing a Subproject, the PCU shall enter into a School Grant Agreement with the Eligible Service Provider. The said agreement shall follow the model contract provided in the PIM and shall set forth the respective obligations of the parties, under terms and conditions acceptable to the Association, which shall include the following:

(a) that the financing of the Subproject shall be on a non-reimbursable grant basis and that the PCU shall take all measures and actions necessary to permit the Eligible Service Provider to carry out the Subproject and ensure the achievement of the objectives thereof, and, subject to the fulfillment by the Eligible Service Provider of its obligations under the agreement, shall not take or permit to be taken any action which would prevent or interfere with the carrying out of the Subproject;

(b) that the Eligible Service Provider shall carry out the Subproject with due diligence and efficiency, and in accordance with the PIM and with sound technical, financial, education and practices and standards and shall maintain adequate financial and other records;

(c) that the goods, works and services to be financed out of the proceeds of the School Grant Agreement shall be procured in conformity with the provisions set forth in Schedule 3 to this Agreement and that such goods, works and services shall be used exclusively in the carrying out of the Subproject;

(d) that: (i) technical and financial reports on the implementation of the Subproject shall be furnished quarterly to the PCU for review; and (ii) during the last review for each calendar year, Subproject plan and budget for the following calendar year shall be furnished to the PCU for review and approval;



(e) that the Eligible Service Provider shall take out and maintain with responsible insurers, or make other satisfactory provision for, insurance against such risks and in such amounts as shall be consistent with appropriate practices;

(f) that the PCU and the PSC shall have the right to inspect by themselves or jointly with the Association the services included in the Subproject and any record or relevant document;

(g) that the Eligible Service Provider shall, at the request of the PCU or the PSC, exchange views with the PCU and/or the PSC with regard to the progress of the Subproject and the achievement of the objectives thereof, and the performance by the Eligible Service Provider of its obligations under the relevant Agreement;

(h) that the Eligible Service Provider shall promptly inform the PCU of any condition which interferes or threatens to interfere with the implementation of the Subproject and the achievement of the objectives thereof;

(i) that the PCU shall have the right to suspend or terminate the right of the Eligible Service Provider to use the proceeds of the Grant upon failure by the Eligible Service Provider to perform any of its obligations under the School Grant Agreement; and

(j) that the PCU and the PSC shall take into account the reports of the School Management Committees in their analysis of the performance of the Eligible Service Providers.

#### Dated covenants

19. The recipient shall, not later than ninety (90) days after the end of each calendar year, furnish to the Association an annual progress report and action plan for the Project.

#### Reviews

20. The recipient 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 5 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 April 1 in each year during Project implementation, 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 April 30 of each year, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project 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.

## **SCHEDULE 5**

### **Performance Indicators**

For the purposes of this Agreement, the Recipient agrees that Project performance will be measured by the indicators below unless otherwise agreed by the Recipient and the Association.

#### Part A of the Project

1. 50% of primary and junior secondary schools in the Target Districts have reached the basic operational level by December 31, 2007.
2. The completion rate in primary schools in the Target Districts is 70% as of December 31, 2007.
3. There is a 20% increase in girls enrollment in primary schools in the Target Districts located in the Northern and the Eastern Regions by December 31, 2007 as compared to December 31, 2001.
4. There is a 20% increase in enrollment in junior secondary schools in the Target Districts by December 31, 2007 as compared to December 31, 2001.
5. There is a 20% increase in the pass rate of students who take the Basic Education Certificate Examination in the Target Districts in the year 2007 as compared to the year 2001.
6. 50 primary schools have received Full School Grants every year during Project implementation.
7. 325 primary schools have received Partial School Grants every year during Project implementation.
8. 10 junior secondary schools have received Full School Grants every year during Project implementation.
9. 45 junior secondary schools have received Partial School Grants every year during Project implementation.

Part B of the Project

1. Beginning on the Effective Date, and thereafter throughout the duration of the Project, the PCU is able to conduct:

- (a) procurement and financial management of the Project,
- (b) technical reviews of Subprojects, and
- (c) monitoring and supervision of Project activities.

2. The capacity of the MEST to conduct planning, monitoring and evaluation of provision of school services, and stakeholder coordination is enhanced to the point that:

- (a) annual school surveys are conducted in a manner satisfactory to the Association;
- (b) policy decisions are made based on information collected in the school surveys;
- (c) transparency in the decision-making process pertaining to the allocation of Project funds is ensured/kept at all times; and
- (d) Project implementation is completed according to schedule.

3. The computerized Education Management Information System (EMIS) to be established under Part B.3 of the Project is fully functional and integrated with the planning and decision-making process by June 30, 2004.

4. As of December 31, 2007, the Recipient has undertaken two national school surveys during the period of Project implementation; one on or before the review to be carried out in the Year 2005 in accordance with paragraph 20 (b) of Schedule 4 to this Agreement.

5. The recipient had updated its national school survey each year during Project implementation.

6. 400 School Management Committees have been established and are fully functioning by December 31, 2007.

## **SCHEDULE 6**

### **Special Accounts**

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, works and services required for the Project and to be financed out of the proceeds of the Grant 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 Grant 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 \$500,000 until the aggregate amount of withdrawals from the Grant 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 2,000,000.
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 Recipient 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 Recipient, withdraw from the Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.
  - (b) (i) For replenishment of the Special Account, the Recipient 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 Recipient 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 Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient 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 Grant 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 Recipient out of the Special Account, the Recipient 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 Recipient directly from the Grant 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 Recipient 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 Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

- (d) once the total unwithdrawn amount of the Grant 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 Grant Account of the remaining unwithdrawn amount of the Grant allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Recipient. 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 Recipient 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 Recipient 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 Recipient shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The recipient 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 Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.