

**CONFORMED COPY**

**GRANT NUMBER H090 MLI**

# **Development Grant Agreement**

**(Development Learning Center Project)**

**between**

**REPUBLIC OF MALI**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated June 17, 2004**

**CONFORMED COPY**

**GRANT NUMBER H090 MLI**

**DEVELOPMENT GRANT AGREEMENT**

AGREEMENT, dated June 17, 2004, between REPUBLIC OF MALI (the Recipient) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the grant provided for in Article II of this Agreement (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. 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 Schedule 6 to this Agreement (the General Conditions), constitute an integral part of this Agreement.

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) “Business Plan” means the report referred to in paragraph 4 of Schedule 4 to this Agreement;

(b) “DLC” means the Development Learning Center, an autonomous entity created by the Recipient by Legal Notice No. 00106 of February 18, 2004, in application of the Ordinance No. 59-41/PCG of March 28, 1959 regarding Associations;

(c) “Eligible Categories” means Categories (1) through (5) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(d) “Eligible Expenditures” means the expenditures referred to in Section 2.02 of this Agreement;

(e) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(f) “FCFA” means *Franc de la Communauté Financière Africaine*, the currency of the Recipient;

(g) “Fiscal Year” means the fiscal year of the Recipient, starting January 1 and ending December 31 of each calendar year;

(h) “Initial Deposit” means the deposit referred to in Section 3.04 (b) to this Agreement;

(i) “Manual of Procedures” or “MOP” means the manual referred to in paragraph 3 of Schedule 4 to this Agreement and consisting, *inter alia*, guidelines and procedures to be used for the purpose of implementation of the Project, including financial management and procurement procedures, and monitoring and evaluation arrangements, as such manual may be amended from time to time, and such term includes any schedules to the manual;

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

(k) “Project Coordination Unit” and “PCU” mean the project coordination unit within the Recipient’s Ministry of Finance referred to in paragraph 1 of Schedule 4 to this Agreement;

(l) “Performance Indicators” means the indicators set forth in Schedule 5 to this Agreement;

(m) “Project Preparation Advance” means the project preparation advance granted by the Association to the Recipient pursuant to the letter agreement signed on behalf

of the Association on November 19, 2003, and on behalf of the Recipient on January 22, 2004;

(n) "Project Year" means the first period of twelve (12) months following the Effective Date of the Project, and each subsequent period of twelve months thereafter until the completion of the Project;

(o) "Report-based Disbursements" means the Recipient's option for withdrawal of funds from the Grant Account following procedures referred to in Part A.5 of Schedule 1 to this Agreement; and

(p) "Special Account" means the account referred to in Part B of Schedule 1 to this Agreement.

## **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 one million seven hundred thousand Special Drawing Rights (SDR 1,700,000).

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 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.

(b) 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 cancelled.

Section 2.03. The Closing Date shall be June 30, 2009, 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 cancelled; 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 2.05 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 of the United States of America or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of Section 4.02 of the General Conditions.

Section 2.05. Commitment charges shall be payable semiannually on February 15 and August 15 in each year.

Section 2.06. The currency of the European Union 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 with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and technical 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. 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 months before the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Association, a plan to ensure the continued achievement of the objective of the Project; and

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

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

(a) open and maintain in FCFA, until the completion of the Project, a Project Account in a commercial bank acceptable to the Association, under terms and conditions satisfactory to the Association;

(b) promptly thereafter make an Initial Deposit into the Project Account in an amount of twenty-three million FCFA (FCFA 23,000,000) to finance the Recipient's initial contribution to the expenditures under the Project;

(c) thereafter, deposit into the Project Account such amounts as are estimated to be required at any given time for the ensuing three-month period and as shall be agreed upon between the Recipient and the Association; and

(d) ensure that the funds deposited into the Project Account in accordance with paragraphs (b) and (c) of this Section shall be used exclusively to finance the Recipient's contribution to the expenditures under the Project which are not otherwise financed from the proceeds of the Grant.

## **ARTICLE IV**

### **Financial and Other Covenants**

Section 4.01 (a) The Recipient shall establish and maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association), commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made, audited, in accordance with consistently applied auditing standards acceptable to the Association, 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 (or such other period agreed to by the Association), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Association), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and
- (iii) furnish to the Association such other information concerning such records and accounts, and the audit of such financial statements, 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 reports referred to in Part A.5 of Schedule 1 to this Agreement (Report-based Disbursements), or on the basis of statements of expenditure, the Recipient shall:

- (i) retain, until at least one year after the Association has received the audit report for, or covering, 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;
- (ii) enable the Association's representatives to examine such records; and
- (iii) ensure that such reports and statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Association), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in paragraphs 7, 8 and 9 of Schedule 4 to 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 Financial Monitoring Report shall be furnished to the Association not later than 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 Financial Monitoring Report shall be furnished to the Association not later than 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 (1) of the General Conditions, the following additional event is specified, namely that the Recipient's Legal Notice No. 00106 of February 18, 2004, in application of the Ordinance No. 59-41/PCG of March 28, 1959, regarding Associations, providing for the establishment and operation of DLC, shall have been amended, suspended abrogated, repealed or waived so as to affect materially and adversely the ability of DLC to implement the Project.

## **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 Project Account has been opened and the Initial Deposit has been deposited therein;

(b) the Recipient has established a computerized and adequate financial management system satisfactory to the Association, to ensure proper accounting and monitoring of Project funds;

(c) the PCU has appointed an external independent auditor acceptable to the Association in accordance with Section II of Schedule 3 for purposes of carrying out audits pursuant to Section 4.01 of this Agreement;

(d) the Recipient has adopted and submitted to the Association the Manual of Procedures, in form and substance acceptable to the Association; and

(e) the Recipient has appointed a financial management specialist with qualifications and terms of reference satisfactory to the Association in accordance with the provisions of Section II of Schedule 3 to this Agreement.

Section 6.02. The date one hundred and twenty (120) 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 the Recipient at the time responsible for finance is designated as 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:

Ministry of Economy and Finance  
BP. 234  
Bamako  
MALI

Facsimile:  
(223) 222 07 93

For the Association:

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

Cable address:

Telex:

Facsimile:

INDEVAS

248423 (MCI) or

(202) 477

Washington, D.C.

64145 (MCI)

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 MALI

By /s/ Abdoulaye Diop

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ A. David Craig

Authorized Representative

## SCHEDULE 1

### Withdrawal of the Proceeds of the Grant

#### Part A: General

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 Expenditures to be Financed</u>
(1) Works	340,000	100% of foreign expenditures and 80% of local expenditures
(2) Goods	490,000	100% of foreign expenditures and 80% of local expenditures
(3) Consultants' services including audits	410,000	80%
(4) Trainings and workshops	70,000	100%
(5) Operating costs		
(a) First Project Year	70,000	80%
(b) Second Project Year	70,000	60%
(c) Third Project Year	70,000	40%
(d) Fourth Project Year	30,000	20%
(6) Refunding of Project Preparation Advance	120,000	Amount due pursuant to Section 2.02 (b) of this Agreement

(6) Unallocated	30,000
TOTAL	_____
	1,700,000
	=====

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

(c) the term “operating costs” means the incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, communication and utility services, satellite bandwidth rent, the maintenance of the network/communication equipment costs, vehicle operation and maintenance, and salaries of DLC contractual support staff, 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 payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures for: (a) works under contracts costing less than \$500,000 equivalent each; (b) goods under contracts costing less than \$250,000 equivalent each; (c) services of consulting firms under contracts costing less than \$100,000 equivalent each; (d) services of individual consultants under contracts costing less than \$50,000 equivalent each; (e) training; and (f) operating costs; all under such terms and conditions as the Association shall specify by notice to the Recipient.

5. The Recipient may request withdrawals from the Grant Account to be made on the basis of reports to be submitted to the Association in form and substance satisfactory to the Association, such reports to include the FMR and any other information as the Association shall specify by notice to the Recipient (Report-based Disbursements). In the case of the first such request submitted to the Association before any withdrawal has been made from the Grant Account, the Recipient shall submit to the Association only a statement with the

projected sources and applications of funds for the Project for the six-month period following the date of such request.

Part B: Special Account

1. The Recipient may, for the purposes of the Project, open and maintain in FCFA a special deposit account in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment.

2. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Grant Account of amounts to be deposited into the Special Account shall be made as follows:

(a) if the Recipient is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) if the Recipient is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. 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.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if the Association, at any time, is not satisfied that the reports referred to in Part A.4 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Association determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Recipient directly from the Grant Account; or

(c) 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: (A) the records and accounts for the Special Account; or (B) the records and accounts

reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Association shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Association shall have notified the Recipient and the Guarantor of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Recipient and the Guarantor of its determination.

6. (a) If the Association determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Recipient shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or 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. 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 determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, 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 subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Grant Agreement.

**Annex A  
to  
SCHEDULE 1**

**Operation of Special Account  
When Withdrawals Are Not  
Report-based Disbursements**

1. For the purposes of this Annex, the term “Authorized Allocation” means the amount of one hundred million FCFA (FCFA 100,000,000) to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 2 of this Annex.

2. 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 in the aggregate do not exceed the Authorized Allocation. 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.

(b) For replenishment of the Special Account, the Recipient shall furnish to the Association requests for deposit into the Special Account at such intervals, as the Association shall specify. 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 Part B.3 of Schedule 1 to this Agreement 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. Each such deposit into the Special Account shall be withdrawn by the Association from the Grant Account under one or more of the Eligible Categories.

3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Grant minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions 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 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.



**Annex B  
to  
SCHEDULE 1**

**Operation of Special Account  
When Withdrawals Are  
Report-based Disbursements**

1. Withdrawals from the Grant Account shall be deposited by the Association into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Association from the Grant Account under one or more of the Eligible Categories.
2. Upon receipt of each application for withdrawal of an amount of the Grant, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.

## **SCHEDULE 2**

### **Description of the Project**

The objective of the Project is to test the effectiveness and sustainability of a development learning center as part of a global knowledge-sharing network aimed at strengthening the capacity of the Recipient to design, plan and manage social and economic development policies.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objectives:

#### Part A: DLC Facilities

1. Construction of facilities for DLC, including: (a) provision of a video-conference room with at least a 30-person capacity; (b) a computer room outfitted for at least 30 computer stations (with hardware, software and Internet hook-up); (c) a technical and administrative center, including a room for trainers and a conference room; and (d) mechanical outfitting such as installation and/or upgrading of electrical and telephone wiring.
2. Acquisition and installation of equipment for DLC, including: (a) a very small aperture terminal; (b) a satellite communication center, video, telecommunications and microprocessor equipment; (c) office and classroom furniture; and (d) assessing equipment for DLC's operations and security and a light vehicle for the DLC staff.
3. Recruitment of Project contractual staff in DLC for carrying out training operations through DLC, including, a director, a training coordinator, an information technology officer, an accountant, and an administrative assistant.

#### Part B : Support to DLC's Operations

Support to DLC for: 1) strengthening its human, financial, operational management and business planning capabilities; and 2) developing, marketing, sourcing and programming of its training programs; through the provision of technical advisory services and training.

Part C: Monitoring, Evaluation and Audit of Project Activities

Monitoring and evaluation of the Project's achievements, and audit of Project activities all through the provision of technical advisory services and training.

\* \* \*

The Project is expected to be completed by December 31, 2008.

### **SCHEDULE 3**

#### **Procurement and Consultants' Services**

##### Section I. Procurement of Goods and Works

###### Part A: General

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

###### 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.

###### Preference for domestically manufactured goods and domestic contractors

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

###### Part C: Other Procurement Procedures

###### 1. National Competitive Bidding

Goods estimated to cost \$250,000 equivalent or less per contract, and works estimated to cost \$500,000 equivalent or less 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 \$50,000 equivalent or less per contract, up to an aggregate amount not to exceed \$120,000 equivalent, may be procured under contracts awarded on the

basis of shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement of Small Works

Works estimated to cost \$30,000 equivalent or less per contract, up to an aggregate amount not to exceed \$120,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three qualified domestic contractors invited in writing to bid. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award will be made to the contractors who offer the lowest price quotation for the required work, provided they demonstrate they have the experience and resources to complete the contract successfully.

Part D : Review by the Association of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

With respect to a contract for goods estimated to cost the equivalent of \$250,000 or more and works estimated to cost the equivalent of \$500,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply except for technical specifications.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of 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, and January 1999 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions 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, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

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

Part C: Other Procedures for the Selection of Consultants

1. Selection based on Consultants' Qualifications

Services for architectural studies, for supervision of works contracts, and for carrying out of training and workshops estimated to cost less than \$50,000 per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Least-cost Selection

Services for financial audits and other repetitive assignments 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 3.6 of the Consultant Guidelines.

3. Individual Consultants

Services estimated to cost less than \$50,000 equivalent per contract that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

4. Single Source Selection

Services for the procurement of civil works under Parts A.1 and A.2 (c) of the Project, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

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 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 to each contract to be selected on a single source basis, 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 to be selected on a single source basis, or estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The

contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

(c) Amendments to consultants' contracts that are subject to prior review raising the contract value by more than 15 percent of the original amount of the contract shall be made, and the program containing names of candidates, training institutions, cost estimates, content, and duration for all contracts for training shall be awarded, only after prior review and approval of the Association.

(d) Terms of reference with respect to each contract for the employment of individual consultants and consultants firms shall be furnished to the Association for prior review.

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

#### Institutional Arrangements

1. The Recipient shall establish and maintain within its Ministry of Finance, until the Project completion date, a Project Coordination Unit, in form and with functions, staffing and resources satisfactory to the Association, including, a Project Coordinator and a financial management specialist.
2. The Recipient shall, not later than September 30, 2005, enter into an arrangement with DLC, acceptable to the Association, whereby DLC will be responsible to assist in carrying out Parts B and C of the Project.

#### Overall Implementation Arrangements

##### During the implementation of the Project

3. The Recipient shall: (i) implement the Project in accordance with the Manual of Procedures; and (ii) except as the Recipient and the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Manual of Procedures if, in the opinion of the Association, such an amendment, abrogation or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objective thereof.
4. (a) The Recipient shall cause DLC to develop a Business Plan no later than June 30, 2005, in form and substance satisfactory to the Association, which shall set out, in such detail as the Association shall reasonably request, market data, budget and sources of financing, training and other services to be provided to the Project, sources and programming of training, pricing policy for different types of training and financial projections in the form of a budget, operating account and marketing strategy.  
  
(b) The Recipient shall cause DLC, no later than June 30, 2005, of each Project Year, to prepare the Business Plan for the following Project Year and submit it to its Board for endorsement and to the Association for review and comments. The Recipient shall cause DLC to update the Business Plan annually and promptly furnish each updated plan to its Board for approval and to the Association for review and comments.  
  
(c) The Recipient shall cause DLC to prepare and furnish to its Board, no later than 60 days after the end of each quarter, an activity report on its operations and progress made in carrying out the Business Plan during the quarter. Said quarterly report shall

specify any problems encountered in the carrying out of the Project and include updated performance indicators on DLC's operations.

5. Not later than March 31, 2005, the Recipient shall cause DLC to carry out, under terms and reference acceptable to the Bank:

(a) a market study, to provide initial information on the demand for and type of training needed to accomplish the objective of the Project and furnish the study to the Association not later than April 30, 2005;

(b) afford the Association a reasonable opportunity to review the market study and provide recommendations;

(c) thereafter, promptly take any actions as shall be recommended by the Association to achieve the objective of the market study; and

(d) the market study should be repeated at least once a year thereafter.

At the completion of the Implementation of the Project

6. (a) the Recipient shall, (i) not later than September 30, 2009; (ii) upon recognition of the "caractère d'utilité publique" of the DLC; and (iii) under arrangements acceptable to the Association, enter into an agreement with DLC to transfer:

(A) the Assets created by the Project; and

(B) the responsibilities for carrying out the DLC with adequate management for continuing education in economic and social development programs.

(b) To this end, the Recipient shall: (i) submit a transfer proposal to the Association for review and comments; and (ii) take any action as shall be required by the Association to promptly implement the transfer to DLC in such a manner acceptable to the Association.

Monitoring and Reporting Arrangements

7. The Recipient shall maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in the Manual of Procedures and summarized in Schedule 5 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof.

8. Progress Reports and Reviews

(a) The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association, annually beginning on or about the date twenty-four (24) months after the Effective Date, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report, and a draft work program and related budget, including the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the twelve months' period following such date.

(b) The Recipient shall review, jointly with the Association, the reports referred to in subparagraph (a) of this paragraph, on or about a date one month after the submission of the said reports 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 reports and the views of the Association on the reports.

9. Midterm Review

(a) The Recipient shall carry out, jointly with the Association, on or about the date thirty six (36) months after the Effective Date, a comprehensive midterm review of the implementation of operations under the Project aimed at: (i) documenting progress toward Project objectives and sustainability of Project activities, notably the financing of recurrent maintenance costs; (ii) reviewing the performance of DLC under the Project; (iii) identifying and removing obstacles to Project implementation; and (iv) adjusting, in agreement with the Association, targets and corresponding programs to reflect progress achieved in the implementation of the Project as of the date of the review.

(b) The Recipient shall, not later than one month prior to the review referred to in the preceding subparagraph, furnish to the Association a midterm report, in such detail as the Association shall reasonably request, on the implementation of the Project; and

(c) Promptly following the midterm review, the Recipient shall take any corrective action as shall be recommended by the Association to achieve the objectives of the Project.

## **SCHEDULE 5**

### **Performance Indicators**

1. Number of high level Project staff (at least 2 the first year and 3 new each twelve months period thereafter), trained in the Development Learning Center program, implementing best practice guidelines on managing development projects.
2. Number of specific initiatives introduced that impact on Poverty Reduction Strategy Paper implementation in designated areas covered by distance learning (at least 2 the first year and 3 in each twelve month period thereafter).
3. Ability to recover operating expenses through fees (60% of operating expenses to be covered by revenue generation by the 3<sup>rd</sup> year of the Center operations).
4. Number of private or public entities using the DLC (at least 2 new entities each year of implementation).
5. 80 training sessions have been held during the first twelve months of Project Implementation, and 120 such sessions in each twelve months period.
6. Variance of content offered in the training sessions has covered at least 3 specific sectors during the first twelve months of Project Implementation, and 5 such sectors in each twelve-month period thereafter.
7. At least 40% from the first Project Year, 50% from the second Project Year, 60% from the third Project Year, and 70% from the fourth Project Year of the sampled participants have improved knowledge and/or skills as a result of the training.
8. Number and type of courses developed or supplied that correspond to the training needs identified for: (a) civil servants, (b) other participants (at least 30%).

## SCHEDULE 6

### Modifications to the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Sections 3.02, 3.03, 3.04 (a), 3.04 (b), 3.05, and 6.05, Article VII, are deleted in their entirety.
2. Wherever used in the General Conditions, the following terms are modified to read as follows:
  - (a) The term “Borrower” is modified to read “Recipient”.
  - (b) The term “Credit” is modified to read “Grant”.
  - (c) The term “credit” is modified to read “grant”; except that where used in Sections 6.02 (a) (ii) and 6.02 (c) (i), as modified below, the term “credit” shall continue to read “credit”.
  - (d) The term “Credit Account” is modified to read “Grant Account”.
  - (e) The term “Development Credit Agreement” is modified to read “Development Grant Agreement”.
3. Article IV is modified as follows:
  - (a) Section 4.02 (a) and the heading of Section 4.02 are modified to read as follows:

*“Section 4.02. Currencies in which Commitment Charges are Payable*

(a) The Recipient shall pay the commitment charge on the Grant in the currency specified in the Development Grant Agreement or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.”

- (b) Wherever used in Section 4.02 (c) and (e) of the General Conditions the words “principal and service charges” are modified to read “commitment charge”.
- (c) Section 4.03 and its heading are modified to read as follows:

*“Section 4.03. Amount of the Grant*

The amount of the Grant withdrawn from time to time shall be the equivalent in terms of SDR (determined as of the date or respective dates of withdrawal from the Grant Account) of the value of the currency or currencies so withdrawn.”

- 4. Section 6.02 is modified as follows:
  - (a) The phrase “any other development Grant agreement” in Section 6.02 (a) (ii) is modified to read: “any other development grant agreement or any development Grant agreement or development financing agreement”.
  - (b) The phrase “any development Grant agreement” in Section 6.02 (c) (i) is modified to read: “any development grant agreement, development Grant agreement or development financing agreement”.
- 5. The words “The principal of, and any other charges on” in paragraph (a) of Section 8.01 are modified to read “The commitment charge on”.
- 6. Paragraph (c) of Section 9.06 is modified to read as follows:

“(c) Not later than six months before the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Association, the Recipient shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Recipient and the Association of their respective obligations under the Development Grant Agreement and the accomplishment of the purposes of the Grant.”

7. Section 12.05 and its heading are modified to read as follows:

“Section 12.05. *Termination of Development Grant Agreement.*

The obligations of the Recipient under the Development Grant Agreement shall terminate on the date 20 years after the date of the Development Grant Agreement.”