

CONFORMED COPY

CREDIT NUMBER 1863 CA

(Education Rehabilitation and Development Project)

between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 25, 1988

CREDIT NUMBER 1863 CA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated January 25, 1988, between CENTRAL AFRICAN REPUBLIC (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Borrower intends to obtain from the United Nations Development Program (UNDP) a grant (the UNDP Grant) in an amount of one hundred thousand dollars to assist in financing part of the Project on the terms and conditions set forth in an agreement (the UNDP Grant Agreement) to be entered into between the Borrower and UNDP;

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

Section 1.02. Unless the context otherwise requires, 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) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(b) "MEN" means the Ministere de l'Education Nationale of the Borrower;

(c) "CFAF" means the currency of the Borrower;

(d) "INRAP" means Institut National de la Recherche et de l'Animation Pedagogique, an agency of the Borrower responsible for carrying out pedagogical research and support activities;

(e) "PCU" means the Project Coordination Unit referred to in Section 3.03 of this Agreement;

(f) "SAB" means Service Autonome des Bourses, an agency of the Borrower responsible for scholarship management;

(g) "Fiscal Year" means the fiscal year of the Borrower;

(h) "Action Plan" means the three-year Action Plan, including any annual adjustment to said Action Plan as referred to in Section 3.04 of this Agreement; and

(i) "APMC" means the Action Plan Monitoring Committee referred to in Section 3.04 (b) of this Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to fourteen million and one hundred thousand Special Drawing Rights (SDR 14,100,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special account in a commercial bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1994, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge

at the rate of one-half of one percent (1/2 of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue from a date sixty days after the date of the Development Credit Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or shall be cancelled.

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

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

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

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 15 and September 15 commencing March 15, 1998, and ending September 15, 2027. Each installment to and including the installment payable on September 15, 2007, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

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

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MEN under the overall coordination of PCU with due diligence and efficiency and in conformity with appropriate administrative, financial and education management practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without any limitation or restriction to the provisions of paragraph (a) above, the Borrower shall: (i) establish in a commercial bank a Project Account to be used exclusively by the Project Unit to cover expenditures for the Project not financed out of the Proceeds of the Credit; (ii) deposit therein an initial amount of

CFAF 15,000,000; and (iii) thereafter deposit in said account on the first day of each calendar quarter such amounts as shall be required by PCU to meet the cost of the Project not financed out of the proceeds of the Credit during said quarter.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. The Borrower shall maintain PCU during the execution of the Project with the responsibilities, powers, services and facilities specified in Schedule 5 to this Agreement.

Section 3.04. In order to carry out the Project, the Borrower shall:

(a) submit to the Association: (i) a three-year Action Plan satisfactory to the Association; and (ii) by August 31 of each year, an annual adjustment to said Action Plan, satisfactory to the Association, detailing the activities to be carried out during that year and the budget proposals related thereto;

(b) by January 31, 1988, establish and thereafter maintain APMC which shall assist the Borrower to follow-up on the implementation of the Action Plan in accordance with the modalities set forth in Schedule 5 to this Agreement;

(c) by September 30 of each year review with the Association the progress achieved by the Borrower in implementing the Action Plan; and

(d) upon completion of the review referred to in paragraph (c) above, take all measures required on the part of the Borrower to promptly carry out the recommendations of said review.

Section 3.05. The Borrower shall each year the Project is being implemented:

(a) appropriate for the education sector sufficient budgetary allocations satisfactory to the Association;

(b) increase the funds allocated: (i) for primary education by 1.2 percent per annum; and (ii) for education materials by 0.8 percent per annum so that by December 31, 1994, the aggregate share of funds allocated for primary education and for education materials shall be increased respectively from 52 percent to 60 percent and from 2 percent to 8 percent of the budget appropriated for the education sector; and

(c) reduce the funds allocated for higher education scholarship by 1.4 percent per annum so that by December 31, 1994, the aggregate share of funds allocated for said scholarship shall be decreased from 16 percent to 8 percent of the budget appropriated for the education sector.

Section 3.06. The Borrower shall: (a) by August 31 of each year furnish to the Association: (i) the draft three-year rolling investment budget for the education sector; (ii) the draft annual recurrent budget for the upcoming Fiscal Year; and (iii) the draft annual program for classrooms rehabilitation; and

(b) take into account the comments formulated by the Association on said draft budgets and program.

Section 3.07. The Borrower shall take all measures required to redeploy MEN's staff so as to ensure that by June 30, 1993, the number of non-teaching staff shall not exceed 7 percent of MEN's overall payroll.

Section 3.08. The Borrower shall develop the school maintenance system referred to under Part A.2 (e) of the Project and require all primary schools covered under the Project to maintain their facilities in accordance with said maintenance system as from September 30, 1989.

Section 3.09. The Borrower shall carry out the study referred to under Part D.2 of the Project and submit the results and recommendations of said study to the Association for its review and comments by December 31, 1990.

Section 3.10. (a) Before awarding any fellowship for training under the Project, the Borrower shall furnish to the Association for its approval the qualifications of the candidates for such fellowship.

(b) The Borrower shall take all necessary measures to secure the services of fellowship recipients for at least three years in the positions for which they shall have been trained.

#### ARTICLE IV

##### Financial Covenants

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

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

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

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) have the account referred in subparagraph (i) above audited semi-annually for each fiscal year in accordance with appropriate auditing principles consistently applied by independent auditors acceptable to the Association and furnish the report of such interim audit to the Association no later than one month after its completion;

(iii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iv) enable the Association's representatives to examine such records; and

(v) 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  
withdrawals.

support the related

#### ARTICLE V

##### Remedies of the Association

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

(a) Subject to paragraph (b) of this Section, the right of the Borrower to withdraw the proceeds of the UNDP grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor.

(b) Paragraph (a) of this Section shall not apply if the Borrower establishes to the satisfaction of the Association that: (i) such suspension, cancellation, or termination is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (ii) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the following experts have been employed:

- (i) the Deputy to the Project Director;
- (ii) the textbook management consultant;
- (iii) (3) regional school construction specialists; and
- (iv) 1 Procurement Specialist;

(b) the UNDP Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness, except for the effectiveness of this Agreement have been fulfilled; and

(c) the Project Account referred to in Section 3.01 (b) of this Agreement has been established, and the initial deposit of CFAF 15,000,000 has been made therein.

Section 6.02. The date ninety days (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for Economy, Finance and Planning is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Economy, Finance and Planning  
P.O. Box 696  
Bangui  
Central African Republic

Cable address:

Telex:

MINIPLAN  
Bangui

5208 RC  
Bangui

For the Association:

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

Cable address:

Telex:

INDEVAS  
Washington, D.C.

440098 (ITT)  
248423 (RCA) or  
64145 (WUI)

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.

CENTRAL AFRICAN REPUBLIC

By /s/ Christian Lingama-Toleque

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Caio K. Koch-Weser

Acting Regional Vice President  
Africa

#### SCHEDULE 1

##### Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works except for school directors' housing	3,210,000	100%
(2) Furniture	1,150,000	100%
(3) Equipment and vehicles	990,000	100%

(4)	Pedagogical materials	1,300,000	100%
(5)	Consultants' services	3,050,000	100%
(6)	Training	2,430,000	100%
(7)	Operating Costs	750,000	90% up to December 31, 1989; 70% up to December 31, 1991; and 50% thereafter
(8)	Unallocated	1,220,000	
TOTAL		14,100,000	

2. For the purposes of this Schedule, the term "operating costs" means expenditures (except for staff salaries other than those for Project support staff) incurred by the Borrower under the Project for items such as office supplies, fuel, vehicle maintenance, travel and subsistence expenses during travel.

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) any payments for expenditures under the Project after January 1 of each year unless, after each joint annual review, the Association has: (i) been satisfied with the progress achieved by the Borrower in implementing the Action Plan; (ii) received the annual adjustment to the Action Plan as referred to in Section 3.04 (a) (ii) of this Agreement; and (iii) approved the budgets and program referred to in Section 3.06 (a) of this Agreement for the year concerned.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to assist the Borrower in improving the performance of its education sector through a balanced apportionment of national resources allocated to the education sector and improved management thereof.

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

#### Part A: Improvement of the Quality of Primary Education

1. Enhancement of professional skills for teachers and school administrators through in-service training, workshops and seminars for teacher trainers, inspectors and pedagogical advisors (altogether about 120 people), about 2,700 teachers and about 800 school directors.

2. Improvement of the educational environment and rehabilitation of school facilities:

(a) Acquisition and distribution of about 430,000 textbooks and teachers' guides.

(b) Strengthening of INRAP's capability to develop new students' textbooks and teachers' guides and to procure and distribute pedagogical materials and supplies.

(c) Extending, equipping and furnishing INRAP's offices and renovation of MEN's storage facilities.



(d) Rehabilitation, equipping and refurnishing of about 880 classrooms in the zones of Ouaka, Mbomou and Bangui.

(e) Development and implementation of a community-based school preventive maintenance and repair system through:

- (i) training of school staff in maintenance procedures;
- (ii) development and printing of 3,000 maintenance guides;
- (iii) acquisition of about 220 tool kits and materials; and
- (iv) repair of accidental damage for about 80 classrooms.

3. Strengthening school inspectorates' performance through:

- (a) acquisition of vehicles, essential equipment and supplies; and
- (b) refurbishing of office space for the academic inspectorates in Bambari, Bangassou and Bangui-ville.

Part B: Improvement of Learning Conditions at the University of Bangui

1. Strengthening of the University library through extension of library space, acquisition of about 7,500 books in selected disciplines and training of senior library staff in the field of library management.
2. Repairs and refurbishing of the Faculty of Science facilities and acquisition of essential laboratory equipment, materials and supplies.
3. Strengthening the capability of the University's Planning Unit to assess the national demand for higher level manpower and adapt university curricula to said demand.

Part C: Strengthening of MEN Administrative and Financial Management Capabilities

1. Development of a computerized personnel management system and training of relevant staff in its use.
2. Streamlining of accounting and budgetary procedures, development of a computerized financial management system and training of relevant staff in its use.
3. Renovation, equipping and furnishing of office space for PCU and strengthening of its operational capability.

Part D: Strengthening of SAB's Operational Capability

1. Refurbishing of office space and acquisition of a micro-computer and related software, office equipment, furniture and supplies.
2. Execution of a study to determine the adequacy of the higher education system with regard to the labor market and higher level manpower requirements in the Central African Republic.

Part E: Follow-up Projects

Identification and preparation of future education projects and other related activities.

\* \* \* \* \*

The Project is expected to be completed by June 30, 1994.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

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

2. To the extent practicable, contracts for goods, works and services shall be grouped in bid packages estimated to cost the equivalent of \$250,000 or more each.

3. Bidders for the works regarding the renovation of administrative buildings and school constructions shall be prequalified as described in paragraph 2.10 of the Guidelines.

Part B: Preference for Domestic Manufacturers

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

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. All civil works, furniture, equipment and pedagogical materials (except for textbooks) which cannot be grouped in packages of at least \$250,000 equivalent may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association, provided that the aggregate cost of such contracts financed out of the proceeds of the Credit shall not exceed the equivalent of \$2,650,000.

2. Works, goods and services estimated to cost less than the equivalent of \$20,000 per contract may be procured under contracts awarded on the basis of evaluation and comparison of bids invited from a list of at least three reputable suppliers in accordance with procedures acceptable to the Association, provided that the aggregate cost of such contracts shall not exceed the equivalent of \$190,000.

Part E: Review by the Association of Procurement Decisions

1. Review of prequalifications:

With respect to the prequalifications of bidders as provided in Part A.3 hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

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

(a) With respect to each contract estimated to cost the equivalent of \$250,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

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

contract, together with the other information required to be furnished to the Association pursuant to said paragraph 3, shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

3. The figure of 5 percent is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

## Section II. Employment of Consultants

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

### SCHEDULE 4

#### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to SDR 310,000 to be withdrawn from the Credit Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, 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 may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Association requests for replenishment of the Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories and in the respective equivalent amounts as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the

Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association when either of the following situations first arises:

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

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

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

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule, or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association 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. No further deposit by the Association into the Special Account shall be made until the Borrower has made such deposit or refund.

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

#### SCHEDULE 5

##### A. The Project Coordination Unit

1. PCU shall be headed by a full-time Project Director, acceptable to the Association, who shall be responsible to the Secretary General of MEN.

2. PCU shall include, in addition to the Project Director, the following full-time staff: (a) a Deputy Project Director; (b) an Administrator; (c) an Accountant; and (d) support staff.

3. PCU shall have the necessary powers for the execution of the Project, including inter alia:

(a) undertaking liaison with the relevant departments, agencies, ministries and instrumentalities of the Borrower and with the Association to ensure the efficient and expeditious implementation of the Project;

(b) preparation of annual work programs and budgets;

(c) procurement of civil works, goods, equipment and consultants' services, in accordance with Schedule 3 to this Agreement, including the preparation of bidding documents, the analysis of bids and the making of recommendations regarding the award

of contracts;

(d) maintaining records and accounts, in accordance with Section 4.01 of this Agreement;

(e) making all necessary arrangements to have the Project accounts audited;

(f) preparation of documentation for withdrawal of Credit proceeds;

(g) coordination and supervision of consultants employed under the Project;

(h) review and approval or making arrangements for the review and approval by the appropriate authorities of all reports, plans, specifications and other material related to the Project;

(i) preparation of semi-annual progress reports in respect of the Project for the Borrower and the Association; and

(j) submission of a completion report no later than six months after the completion of the Project.

#### B. The Action Plan Monitoring Committee (APMC)

##### I. Membership

APMC shall comprise the following members:

- 1 representative of the Minister responsible for Finance (Chairman);
- 1 representative of the Minister responsible for Planning;
- 1 representative of the Ministry of National Education;
- 1 representative of the University of Bangui;
- 1 representative of SAB.

The Project Director and the Deputy Project Director shall provide the secretariat support required during APMC meetings.

##### II. Responsibilities and working modalities

1. APMC shall ensure that overall Project implementation is proceeding in accordance with the Project implementation schedule and the provisions of the Action Plan.

2. To discharge this responsibility, APMC shall receive by the end of each calendar quarter a summary report, prepared by the Project Director, on the progress achieved by the Project during said calendar quarter. Said report shall measure the progress accomplished, point out areas for which policy decisions are required and recommend appropriate decisions, if any, to be taken in order to maintain the Project on track and respect the schedules provided in the Action Plan.

3. APMC shall meet at the end of each calendar quarter to review the quarterly Project progress report.

4. By June 30 of each year, the Project Director shall prepare an annual report assessing the progress achieved in carrying out the Action Plan; in particular, the report shall provide detailed figures on achievement regarding fulfillment of the budgetary expenditures, staffing and pedagogical targets as set forth in the Action Plan, and the progress made in enforcing regulations regarding repeaters rates.

5. by July 30 of each year, APMC shall review the annual report referred to in paragraph (4) above and endorse it for the joint annual review to be held with the

Association pursuant to Section 3.04 (c) of the Development Credit Agreement.

