

CONFORMED COPY

CREDIT NUMBER 2501 CD

Development Credit Agreement

(Basic Education Project - Education V)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 21, 1993

CREDIT NUMBER 2501 CD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 21, 1993, between REPUBLIC OF CHAD (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Association has received a letter dated April 9, 1993, from the Borrower describing a program of actions, objectives and policies designed to strengthen the management and operation of the Borrower's education sector (hereinafter called the Program), and declaring the Borrower's commitment to the execution of the Program;

(B) 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;

(C) the Borrower intends to contract from the Federal Republic of Germany acting through Kreditanstalt fur Wiederaufbau (KfW) a grant (the KfW Grant), in an amount of approximately DM 5,000,000 to assist in financing the Project, on the terms and conditions set forth in an agreement (the KfW Grant Agreement) to be entered into between the Borrower and KfW; and

(D) the Borrower intends to contract from Deutsche Gesellschaft fur

Technische Zusammenarbeit (GTZ) a grant (the GTZ Grant), in an amount of approximately DM 4,000,000 to assist in financing the Project, on the terms and conditions set forth in an agreement (the GTZ Grant Agreement) to be entered into between the Borrower and GTZ; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the 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) "APE" means the associations of parents of students (Association des Parents des Eleves), registered with MEN;
- (b) "CFA Franc" and "CFAF" means the currency of the Borrower;
- (c) "CMA" means the construction management agency or firm employed by the Borrower to carry out the construction and rehabilitation of schools under Part A.1 of the Project and acceptable to the Association;
- (d) "CPSF" means the Cellule de Promotion de la Scolarisation des Filles to be established within MEN under Part A.4 of the Project;
- (e) "DPE" means Direction des Projets Education, the coordination and management unit within MEN responsible for implementation of education sector projects;
- (f) "DPEC" means MEN's Direction de la Planification, des Examens et Concours;
- (g) "DPEN" means MEN's Delegations Prefectoraux de l'Education Nationale;
- (h) "ENI" means MEN's Ecoles Normales d'Instituteurs;
- (i) "MEN" means the Borrower's Ministry of Education (the Ministere de l'Education Nationale);
- (j) "MF" means the Borrower's Ministry of Finance (Ministere des Finances);
- (k) "MPC" means the Borrower's Ministry of Planning and Cooperation (Ministere du Plan et de la Cooperation);
- (l) "Special Funding Mechanism" means the mechanism for paying and financing the salaries of primary education teachers described in Section 3.04(b) of this Agreement;
- (m) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;
- (n) "Teachers' Guaranty Fund" means the account, described in Section 3.04(b)(ii) of this Agreement, established to guarantee the payment of salaries to primary education teachers; and

(o) "UNICEF" means the United Nations Children's Fund.

## 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 thirteen million nine hundred thousand Special Drawing Rights (SDR 13,900,000).

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 deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1999 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or 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 payment date in that year specified in Section 2.06 of this Agreement.

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

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on May 15 and November 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 May 15 and November 15 commencing November 15, 2003 and ending May 15, 2033. Each installment to and including the installment payable on May 15, 2013, 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 with due diligence and efficiency and in conformity with appropriate financial, administrative and educational practices, and with due regard to ecological and environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

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

Section 3.03. The Borrower shall (following the annual review provided for in Section 3.08 (a) of this Agreement) adopt, not later than December 31 of each year, and thereafter implement in a timely manner:

(a) a rolling three-year public investment program for the education sector for the succeeding three fiscal years satisfactory to the Association; and

(b) a budget for recurrent expenditures for the education sector for the succeeding fiscal year satisfactory to the Association, which shall include the following: (i) for the budget for each fiscal year from 1994 through 1998, an increase of at least 280 in the number of positions for primary education teachers; (ii) for the budget for each fiscal year from 1995 through 1998, the rehabilitation of at least 50 classrooms; (iii) a detailed school construction program for purposes of carrying out Part A.1(a) of the Project; and (iv) a specific line item for primary education training materials providing for at least: (A) CFAF 40,000,000 for the budget for fiscal year 1994; (B) CFAF 80,000,000 for the budget for fiscal year 1995; (C) CFAF 120,000,000 for the budget for fiscal year 1996; (D) CFAF 160,000,000 for the budget for fiscal year 1997; and (E) CFAF 200,000,000 for the budgets for fiscal years 1998 and 1999.

Section 3.04. (a) The Borrower shall ensure that the salaries of all primary education teachers are paid on a monthly basis and not later than 30 days after their due date.

(b) In carrying out paragraph (a) of this Section, the Borrower shall implement the Special Funding Mechanism under terms of reference satisfactory to the Association, which shall include provision for the following:

- (i) payment procedures which shall provide, among other things, for:
- (A) establishment of the primary teachers' payroll list on a monthly basis in N'Djamena and on a quarterly basis for other areas (with interim updating at the Borrower's discretion); and
  - (B) appointment of a special ordonnateur delegue to process teachers' salaries;
- (ii) establishment and maintenance of an account (the Teachers' Guaranty Fund) in a commercial bank from which withdrawals shall be made exclusively for the payment of salaries of primary education teachers incurred after the Effective Date, and in which the Borrower shall maintain a balance of at least CFAF 300,000,000 by depositing into such account an amount equal to any amount withdrawn therefrom within 15 days of such withdrawal; and
- (iii) procedures for recordkeeping, reporting and auditing which shall provide, among other things, for the following: (A) monthly reports to the Association regarding the status of payments of salaries of primary education teachers for the preceding month, including samples from various regions; (B) extensive quarterly reports to the Association regarding such payments for all regions, to be provided to the Association within 45 days of the end of each quarter; (C) records of all deposits and withdrawals from the Teachers' Guaranty Fund; (D) monthly reports to the Association of the Teachers' Guaranty Fund activity for the preceding month; and (E) quarterly independent audits of the Teachers' Guaranty Fund (in scope and detail, and by independent auditors, satisfactory to the Association), to be provided to the Association within thirty days of the end of each quarter.

Section 3.05. The Borrower shall implement, beginning with the 1993-1994 academic year, a program, satisfactory to the Association, for training and deploying on an annual basis a sufficient number of primary education teachers to attain a gross primary enrollment rate of 65% by the 1998-1999 academic year, which program shall include provision for: (i) the recruitment and training of teacher-trainees by the ENIs at a ratio of instituteurs-adjoints to instituteurs bacheliers of 4 to 1, and (ii) annual increases in the number of primary education teachers of at least 280.

Section 3.06. The Borrower shall implement the program of double-shift teaching in urban classrooms agreed upon with the Association, which program shall provide, among other things, for two cohorts of about 55 pupils per teacher and 1200 participating cohorts by the 1998-1999 academic year.

Section 3.07. The Borrower shall implement, beginning with the 1994-1995 academic year, a program to reduce repetition of students in primary education, satisfactory to the Association, which shall provide, among other things, for the abolition of repetition in grades 1, 3 and 5, and reduced repetition in grades 2, 4 and 6.

Section 3.08. (a) The Borrower shall carry out, jointly with the Association, not earlier than October 1 and not later than November 30 of each year, a review of (i) the progress made in carrying out the Project and the Program, (ii) the budget for education for the succeeding fiscal year, including for recurrent expenditures, (iii) the number of additional positions for primary education teachers provided therein, (iv) the MEN action fixing the number of candidates for the instituteurs-adjoints and instituteurs bacheliers degrees for the following academic year, (v) the proposed rolling three-year public investment program

for the education sector for the succeeding three fiscal years, and (vi) the monitoring indicators agreed upon with the Association. Such review shall be carried out at the central and regional levels in accordance with terms of reference agreed upon with the Association.

(b) MEN, with the support of MPC and MF, shall transmit to the Association, at least 30 days prior to the review described in paragraph (a) above, a report, in scope and detail satisfactory to the Association, describing the status of the items listed in such paragraph.

Section 3.09. (a) The Borrower shall carry out, jointly with the Association, not earlier than April 1, 1996 and not later than May 31, 1996, a mid-term review of the progress made in carrying out the Project and the Program. This review shall cover, among other things: (i) the impact of the Project and Program and other related policy measures on the staffing, cost and efficiency of primary education, (ii) the efficiency of classroom construction under the Project as compared to other possible implementation modalities, and the financing provided therefor by communities, (iii) the effectiveness of the Special Funding Mechanism (including the Teachers' Guaranty Fund), (iv) progress in implementing the pilot school improvement program under Part B.2 of the Project, (v) the operation of the girls' enrollment programs under Part A.4 of the Project, (vi) the monitoring indicators agreed upon with the Association, and (vii) status of implementation of donor-financed projects relating to the Program and the Project.

(b) MEN shall transmit to the Association, at least 90 days prior to the mid-term review described in paragraph (a) above, a report, in scope and detail satisfactory to the Association, describing the status of the items listed in such paragraph and of Project and Program implementation generally.

(c) Based on such review, the Borrower shall promptly prepare an action plan, acceptable to the Association, for the further implementation of the Project and the Program, and shall thereafter implement such action plan.

#### ARTICLE IV

##### Financial Covenants

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

(b) The Borrower shall:

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

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

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

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

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

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

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

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Remedies of the Association

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

(a) a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out;

(b) the KfW Grant Agreement shall have failed to become effective by September 30, 1994, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that 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; and

(c) (i) subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any loan or 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 thereof, or

(B) any such loan shall have become due and payable prior to the maturity thereof; and

(ii) subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) 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.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely that any event specified in paragraph (c) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (c) (ii) of that Section.

#### ARTICLE VI

##### Effective Date; Termination

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

(a) the Borrower shall have entered into a management agreement with a CMA under terms and conditions satisfactory to the Association, which shall include the obligations of the CMA (i) to implement the school construction and rehabilitation program, and (ii) to provide adequate records and audits for all expenditures made by the CMA or any organization sub-contracted by the CMA;

(b) the Borrower shall have established the Teachers' Guaranty Fund with a balance of CFAF 300,000,000; and

(c) the Borrower shall have employed an independent auditor satisfactory to the Association, under terms and conditions (including a multi-year period of service) satisfactory to the Association.

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

Section 6.03. The obligations of the Borrower under Sections 3.03 through 3.08 of this Agreement shall cease and determine on the date on which this Agreement shall terminate or on the date seven years after the date of this Agreement, whichever shall be the earlier.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

Section 7.01. The Minister of Planning and Cooperation of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Planning and Cooperation  
BP 286  
N'Djamena  
Republic of Chad

Cable address:

MINPLAN  
N'Djamena

Telex:

5329 KD

For the Association:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

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

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 CHAD



By /s/ K. L. Mekonyo

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox

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 under Part A.1(a) of the Project	2,600,000	100%
(2) Pilot School Improvement Fund	215,000	100%
(3) Furniture, Equipment and Vehicles	1,950,000	100%
(4) Girls' Enrollment Promotion	215,000	100%
(5) Textbooks and Pedagogic Materials	3,600,000	100%
(6) Training	1,100,000	100%
(7) Consultants' Ser- vices and CMA Fees	2,300,000	100%
(8) Incremental Operating Costs	1,100,000	100%
(9) Unallocated	820,000	
TOTAL	<hr/> 13,900,000 <hr/>	

2. For the purposes of this Schedule:

(a) the term "pilot school improvement fund" means expenditures for school furniture, books and other goods or services made for schools or APE's in carrying out Parts B.2(a) and (c) of the Project;

(b) the term "training" means expenditures for fellowships, study tours,

conferences, workshops, courses and other forms of training, each as are approved by the Association;

(c) the term "girls' enrollment promotion" means expenditures for books, transportation and other goods or services made in carrying out Part A.4 of the Project; and

(d) the term "incremental operating costs" means expenditures for: (i) office supplies, vehicle and machinery operation and maintenance, field allowances, and salaries of DPE and CPSF contract staff, made in carrying out the Project, and (ii) compensation for overtime for teachers participating in the double-shift teaching program referred to in Section 3.06 of this Agreement.

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

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

(b) under Category (2) until the Borrower shall have (i) entered into an agreement with GTZ, in form and substance satisfactory to the Association, for carrying out Parts B.2(a) and (c) of the Project, and (ii) adopted manuals of procedures, satisfactory to the Association, for the programs under such Parts, including evaluation criteria and lists of permitted expenditures; and

(c) under Category (4) until the Borrower shall have entered into an agreement with UNICEF, in form and substance satisfactory to the Association, for carrying out Part A.4 of the Project.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to (i) improve the quality and efficiency of, and increase access to, primary education, particularly in rural areas and for girls, and (ii) increase the Borrower's capacity to manage the primary education sector.

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: Primary Education Access, Quality and Efficiency

1. Increasing the number of student places in primary education, primarily in rural areas, through (a) the construction of about 800 classrooms, and (b) the rehabilitation of about 200 classrooms.

2. Increasing the availability and effectiveness of primary education textbooks and school materials through (a) the acquisition and distribution of about 780,000 new textbooks, about 10,000 teachers' guides, and about 6,000 metal book containers, and (b) the training of teachers regarding the use of such books and guides.

3. Increasing the expertise of primary education teachers through strengthened pre-service training at the ENIs and in-service training.

4. Promoting increased girls' enrollment in primary education through:

(a) the establishment and operation of the CPSF to manage an information and analysis system and a national information campaign regarding girls' enrollment;

(b) the implementation of programs to promote such enrollment, including the inclusion of incentives in school construction and improvement programs; and

(c) the training of teachers and the execution of other measures.

5. Promoting private provision of education.

Part B: Management of Primary Education

1. Improving the institutional capacity of MEN to manage the education sector through:

- (a) strengthening the operational capacity of DPEC and DPE;
- (b) staff training and acquisition of equipment; and
- (c) preparation of a MEN management study.

2. Strengthening the capacity of MEN and communities to manage primary education through the implementation of a pilot school improvement program in support of decentralized school management, which shall consist of:

- (a) a program to support community-based pedagogic improvements covering about 90 schools;
- (b) a student evaluation program in about 100 schools; and
- (c) a program to support about 100 APEs to improve their effectiveness.

3. Improving the effectiveness of primary school inspection and monitoring, in particular with respect to teacher supervision, girl's enrollment, double-shift and multi-grade teaching, student repetition, school maintenance and school/community collaboration, including the training of inspectors and the acquisition of equipment.

\* \* \*

The Project is expected to be completed by December 31, 1998.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods 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 1992 (the Guidelines). For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

2. To the extent practicable, contracts for pedagogic materials, equipment, office supplies and vehicles shall be grouped into bid packages estimated to cost the equivalent of \$500,000 or more.

3. Goods shall be exempted from preshipment price inspection by a third party inspection firm.

4. In the procurement of goods in accordance with this Part A, the Borrower shall use the relevant sample bidding documents issued by the Association, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. When no relevant sample bidding documents have been issued by the Association, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

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 Chad 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: Other Procurement Procedures

1. Items or groups of items for (a) works under Part A.1 (a) of the Project, up to an aggregate amount equivalent to \$2,300,000, (b) primary school furniture, up to an aggregate amount equivalent to \$1,900,000, and (c) other goods (excluding textbooks), up to an aggregate amount equivalent to \$500,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Items or groups of items for:

(a) works under Part A.1 (a) of the Project using non-governmental organizations, up to an aggregate amount equivalent to \$1,700,000,

(b) office supplies and spare parts estimated to cost the equivalent of \$30,000 or less per contract, up to an aggregate amount equivalent to \$1,100,000, and

(c) goods under Parts A.4, B.2 (a) and B.2 (c) of the Project estimated to cost the equivalent of \$3,000 or less per contract, up to an aggregate amount equivalent to \$700,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

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

(a) With respect to each contract estimated to cost the equivalent of \$200,000 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 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. 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 (the Consultant Guidelines).

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior Association review or approval requirements shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single-source hiring of firms, to assignments of a critical nature as reasonably determined by the Association, and to amendments of contracts raising the contract value to \$100,000 equivalent or above.

#### SCHEDULE 4

##### Implementation Program

###### General Project Implementation

1. (a) The Borrower shall operate the DPE under terms of reference, and with staffing (including their qualifications and experience) acceptable to the Association, and no staff shall be replaced without the prior consent of the Association.

(b) MEN shall implement the Project under terms of reference agreed upon with the Association, which shall provide, among other things, for a decentralized management system.

2. The Borrower shall adopt not later than July 31 of each year, and thereafter implement, a training program for the subsequent academic year, satisfactory to the Association.

###### Part A of the Project

3. (a) The Borrower shall carry out Part A.1 of the Project through a CMA. The Borrower shall comply with, and shall cause the CMA to comply with, the terms of the management agreement entered into in accordance with Section 6.01(a) of this Agreement (or any successor agreement satisfactory to the Association), and shall not assign, amend, abrogate or waive such agreement or any provision thereof without the consent of the Association.

(b) As a precondition for the construction of any classroom under Part A.1(a) of the Project, the CMA shall ensure that at least 10% of the cost of such construction shall be financed from community-based resources (whether in cash or in kind).

(c) The classrooms to be constructed under Part A.1(a) of the Project shall be located in the following regions: Biltine, Chari-Baguirmi, Mayo-Kebbi, Moyen Chari, Ouaddai, Salamat and Tandjile. Schools to be constructed shall be selected in accordance with criteria and procedures agreed upon with the Association, including: (i) emphasis on rural areas with low access to schools, (ii) evaluation of the extent of local community financing, (iii) emphasis on APE participation, and (iv) evaluation of the efforts to increase girls' enrollment.

(d) Classrooms to be rehabilitated under Part A.1(b) of the Project shall be selected in accordance with criteria agreed upon with the Association, including emphasis on urban areas with double-shift teaching.

4. In carrying out Part A.1 of the Project: (a) DPEC shall, in accordance with an operational plan satisfactory to the Association, prepare consolidated construction, rehabilitation and maintenance budgets, establish and operate a data base to monitor and manage school construction activities, ensure adequate construction coverage for poorer communities, and organize local information campaigns regarding the school construction program; and (b) MEN's Inspections and Directions Regionales shall, in accordance with an operational plan satisfactory to the Association, prepare regional

construction, rehabilitation and maintenance programs, and survey school facilities.

5. In carrying out Part A.2 of the Project, the Borrower shall:

(a) establish and operate a system for textbook acquisition and distribution under terms of reference satisfactory to the Association, which shall provide, among other things: (i) for the acquisition of about 780,000 textbooks by December 31, 1995, and (ii) the use of private contractors for the delivery to schools of textbooks; and

(b) conduct a program for the related training of teachers satisfactory to the Association.

6. The Borrower shall implement the in-service and pre-service training under Part A.3 of the Project under terms of reference agreed upon with the Association, which shall provide, among other things:

(a) for in-service training to be conducted in three phases with (i) a first and second phase consisting of about 63 workshops focusing on MEN training programmers, regional staff and school directors, and (ii) a third phase, consisting of about 1,400 workshops for local teachers, including untrained community teachers (numbering about 3,700), semi-qualified and qualified civil-servant teachers (numbering about 3,900), and new community and private school teachers (numbering about 300); and

(b) for strengthening the capacity of the ENIs to train teachers through the acquisition of teaching guides, other pedagogic materials and equipment, staff training and other measures.

7. In carrying out Part A.4 of the Project:

(a) MEN shall establish, not later than December 31, 1993, and thereafter operate the CPSF under terms of reference and with staffing (including their qualifications and experience) satisfactory to the Association, which terms of reference shall provide for the operation of a detailed and systematic data collection and analysis system for gender-specific issues in primary education;

(b) MEN shall: (i) complete, not later than May 31, 1994, a study, conducted under terms of reference acceptable to the Association, regarding economic factors and demand issues affecting girls' enrollment and school attendance, (ii) consult with the Association, not later than June 30, 1994, regarding the recommendations of such study, and (iii) implement, beginning not later than October 31, 1995, an action program, satisfactory to the Association, to increase girl's enrollment, which shall include a national information campaign regarding the importance of such enrollment;

(c) MEN shall target districts where girls' enrollment in primary education is less than 30%; and

(d) MEN shall employ, under terms and conditions satisfactory to the Association, the services of UNICEF to manage implementation of said Part A.4, and the Borrower shall comply with its related obligations to such organization.

8. In carrying out Part A.5 of the Project, MEN shall prepare a study on promoting private provision of education, under terms of reference satisfactory to the Association, and shall review with the Association, not later than April 30, 1994, the results of such study, and, not later than October 31, 1994, shall begin to implement an action plan, satisfactory to the Association, to this effect.

Part B of the Project

9. In carrying out Part B of the Project, the Borrower shall acquire the list of equipment agreed upon with the Association.

10. In carrying out Part B.1(c) of the Project, MEN shall prepare the management study under terms of reference satisfactory to the Association.

11. (a) MEN shall carry out Part B.2 of the Project under terms of reference satisfactory to the Association, which shall provide, among other things for the following:

(i) the participation of about 25 schools in the evaluation, pedagogic improvement, and APE support programs, the participation of about 25 in only the evaluation and pedagogic improvement programs, the participation of about 25 in only the evaluation and APE support programs, and the participation of about 25 in only the evaluation program;

(ii) the selection of schools in accordance with criteria: (A) that include the extent of local demand and support, and (B) that focus on schools in the Mayo-Kebbi, Moyen Chari and Ouaddai regions;

(iii) implementation of the procedures manuals referred to in paragraph 3(b)(ii) of Schedule 1 to this Agreement;

(iv) annual audits of the use of grants provided under the pedagogic improvement and APE support programs;

(v) in the case of the pedagogic improvement program under Part B.2(a) of the Project: (A) eligibility criteria that include: (1) a requirement that the school have established a program to promote girls' enrollment and have mobilized at least 10% of the sub-project costs, and (2) a preference for troubled schools; (B) funds provided to support pedagogic improvements in any school shall not exceed CFAF 500,000; (C) a campaign to advertise the program; and (D) financing of about 25 sub-projects per year;

(vi) in the case of the evaluation program under Part B.2(b) of the Project: (A) use of standardized evaluation tests in grades 2, 4 and 6 in French, mathematics and social sciences, and (B) use of a twinning arrangement with a specialized institution, satisfactory to the Association, to support program design, monitoring and evaluation; and

(vii) in the case of the APE support program under Part B.2(c) of the Project: (A) provision to APEs of technical assistance by MEN staff and from non-governmental organizations, and (B) funds provided for any APE shall not exceed CFAF 700,000.

(b) MEN shall, through DPEN, employ, under terms and conditions satisfactory to the Association, the services of GTZ to manage implementation of the pedagogic improvement and APE support programs under Parts B.2 (a) and (c) of the Project, and the Borrower shall comply with its related obligations to such organization.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (8) 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 CFAF 150,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

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

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

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

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

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

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

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

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

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less 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 equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Association shall have determined at any time that any payment out



of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

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

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

