

CONFORMED COPY

CREDIT NUMBER 3398-SE

Project Agreement

(Distance Learning Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

DISTANCE LEARNING CENTER

Dated July 5, 2000

CREDIT NUMBER 3398-SE

PROJECT AGREEMENT

AGREEMENT, dated July 5, 2000, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and DISTANCE LEARNING CENTER (DLC).

WHEREAS (A) by the Development Credit Agreement of even date herewith between the Republic of Senegal (the Borrower) and the Association, the Association has agreed to lend to the Borrower an amount in various currencies equivalent to one million six hundred thousand Special Drawing Rights (SDR 1,600,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that DLC agree to undertake such obligations toward the Association as are set forth in this Agreement; and

(B) by a subsidiary agreement to be entered into between the Borrower and DLC the proceeds of the Credit provided for under the Development Credit Agreement will be made available to DLC on terms and conditions set forth in said Subsidiary Agreement; and

WHEREAS DLC, in consideration of the Association's entering into

the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) DLC declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit 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, or cause to be provided, 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, DLC shall carry out the Project in accordance with the Procedures Manual, and except as the Association shall otherwise agree, DLC shall not amend, abrogate or waive any provision thereof if in the opinion of the Association, such amendment, abrogation or waiver may materially and adversely affect the implementation of the Project.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods 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 the Development Credit Agreement.

Section 2.03. (a) DLC shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition) in respect of the Project Agreement.

(b) For the purposes of Section 9.07 of the General Conditions and without limitation thereto, DLC shall:

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

(ii) afford the Association a reasonable opportunity to exchange views with DLC on _____ said plan.

Section 2.04. DLC shall duly perform all its obligations under the Subsidiary Agreement. Except as the Association shall otherwise agree,

DLC shall not take or concur in any action which would have the effect of assigning, amending, abrogating or waiving the Subsidiary Agreement or any provision thereof.

Section 2.05. (a) DLC shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and under the Subsidiary Agreement, and other matters relating to the purposes of the Credit.

(b) DLC shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by DLC of its obligations under this Agreement and under the Subsidiary Agreement.

ARTICLE III

Management and Operations of DLC

Section 3.01. DLC shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and technical practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. DLC shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and technical practices.

Section 3.03. DLC shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) DLC shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) DLC shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) 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 copies of its financial statements for such year as so audited and (B) 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 financial statements as well as the audit thereof as the

Association shall from time to time reasonably request.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, DLC shall carry out a time-bound action plan acceptable to the Association for the strengthening of its financial management system for the Project in order to enable DLC, not later than eighteen months after the Effective Date or such later date as the Association shall agree, to prepare quarterly Project management reports, acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report; and

(B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;

(ii) (A) describes physical progress in the implementation of the Project, both cumulatively and for the period covered by said report, and

(B) explains variances between the actual and previously forecast implementation targets; and

(iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, DLC shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each calendar quarter, a Project Management Report for such period.

ARTICLE V

Effective Date; Termination Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of DLC thereunder shall terminate on the earlier of the following two dates:

(i) the date on which the Development Credit Agreement shall terminate; or

(ii) the date ten years after the date of this Agreement.

(b) If the Development Credit Agreement terminates before the date specified in paragraph (a) (ii) of this Section, the Association

shall promptly notify DLC of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other addresses as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

For DLC:

Boulevard Dial DIOP
Dakar
Senegal

Section 6.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of DLC or by DLC on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by its Director, or by such other person or persons as DLC shall designate in writing, and DLC shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo

Regional Vice President

Africa

DISTANCE LEARNING CENTER

By /s/ Mamadou Mansour Seck

Authorized Representative

