

CONFORMED COPY

CREDIT NUMBER 2428 GH

(Tertiary Education Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 9, 1992

CREDIT NUMBER 2428 GH

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 9, 1992, between REPUBLIC OF GHANA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Association has received a letter dated September 16, 1992, from the Borrower (hereinafter called the Policy Letter) describing a program of actions, objectives and policies designed to reform the Borrower's tertiary education sector, and declaring the Borrower's commitment to the execution of such 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; 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) "Cedis" means the currency of the Borrower;
- (b) "CU" means the MOE Coordinating Unit for Managing External Funding to be established in accordance with Section 6.01 (a) of this Agreement in the Office of the Secretary for Education;
- (c) "MOE" means the Borrower's Ministry of Education;
- (d) "Polytechnics" means the following institutions: (i) Accra Polytechnic, (ii) Cape Coast Polytechnic, (iii) Ho Polytechnic, (iv) Kumasi Polytechnic, (v) Takoradi Polytechnic, and (vi) Tamale Polytechnic;
- (e) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated September 6, 1991 and October 3, 1991 between the Borrower and the Association;
- (f) "Research Fund" means the fund for research described in Part B.5 of the Project;
- (g) "Research Fund Sub-Project" means any research activity to be financed from the Research Fund in accordance with the selection criteria referred to in Paragraph 3(b) of Schedule 1 to this Agreement;
- (h) "Social Security and National Insurance Trust" means the Social Security and National Insurance Trust, established pursuant to the Borrower's N.R.C.D. 127 (1972), as supplemented by P.N.D.C.L. 247 (1991);
- (i) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;
- (j) "Tertiary Education Reform Program" means the Borrower's White Paper on the Reforms to the Tertiary Education System, Command No. 0001/97, dated August 6, 1990;
- (k) "Universities" means the University of Ghana, the University of Science and Technology, and the University of Cape Coast; and
- (l) "University College" means the institution to be established by the Borrower to unify the following colleges: (i) School of Ghana Languages (Ajumako), (ii) College of Special Education (Akwapem Mampong), (iii) National Academy of Music (Winneba), (iv) Specialist Training College (Winneba), (v) Advanced Teacher Training College (Winneba), (vi) Kumasi Advanced Technical Teachers' College (Kumasi), and (vii) St. Andrew's Training College (Ashanti Mampong).

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 thirty one million two hundred thousand Special Drawing Rights (SDR 31,200,000).

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 dollars 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.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1997 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 per cent (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, 2003 and ending September 15, 2032. Each installment to and including the installment payable on September 15, 2012 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 United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The 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 with due diligence and efficiency and in conformity with appropriate administrative, financial, educational and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the 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. Without limitation upon any of its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain in a commercial bank a tertiary education project account on terms and conditions satisfactory to the Association to be used exclusively for the purpose of meeting expenditures under the Project which are not financed out of the proceeds of the Credit; and

(b) in addition to the initial deposit referred to in Section 6.01(b) of this Agreement, deposit into said account, promptly before each fiscal quarter starting after the Effective Date, sufficient funds to pay the Borrower's contribution to the financing of the Project required for such fiscal quarter, as estimated by the Borrower in consultation with the Association.

Section 3.03. 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 3.04. (a) The Borrower shall: (i) contain intakes and enrollments within the ceilings set forth in the Policy Letter, (ii) adjust student/academic staff ratios to the levels provided for in

the Policy Letter, (iii) implement the cost-recovery mechanisms described in the Policy Letter, and (iv) limit the percentage of the Borrower's recurrent budget for education allocated to and subsequently expended on tertiary education to the level set forth in the Policy Letter.

(b) The Borrower shall cause the Universities, Polytechnics and University College to: (i) contain intakes and enrollments within the ceilings set forth in the Policy Letter, (ii) adjust student/academic staff ratios to the levels provided for in the Policy Letter, and (iii) implement the cost-recovery mechanisms described in the Policy Letter.

Section 3.05. The Borrower shall: (a) adopt a public expenditure program for tertiary education for fiscal years 1993, 1994, 1995 and 1996 acceptable to the Association, and shall ensure that actual expenditures under such program do not deviate by more than 10% from amounts budgeted thereunder (except for higher actual expenditures resulting from salary increases not budgeted for in such program); and (b) review with the Association, not later than September 30 of each year, the budgetary allocations required for the succeeding fiscal year to implement the Project.

Section 3.06. The Borrower shall implement and shall cause the Social Security and National Insurance Trust to implement, in a timely manner, the action plan for modifying the tertiary education student loan scheme agreed upon with the Association.

Section 3.07. (a) The Borrower shall carry out, jointly with the Association, not earlier than September 30, 1994 and not later than March 31, 1995, a mid-term review of the progress made in carrying out the Project and the program described in the Policy Letter. This review shall cover, among other things: (i) enrollment levels, (ii) budgetary allocations and expenditures, (iii) cost-recovery mechanisms, (iv) the operation of the student loan scheme, (v) student-to-academic staff ratios, (vi) non-academic staff numbers, (vii) time/space/facility utilization ratios, (viii) maintenance and library acquisition budgets, and (ix) the effectiveness of the technical assistance provided under the Project in transferring skills.

(b) Based on such review, the Borrower shall, where necessary to ensure the effective implementation of the Project and the program set forth in the Policy Letter, promptly prepare an action plan, acceptable to the Association, for the further implementation thereof 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 set forth in the Policy Letter, or a significant part thereof, will be carried out; and

(b) the charter or other constitutive document of any University, Polytechnic or the University College shall have been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect its ability to assist in carrying out the Project.

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 (b) of Section 5.01 of this Agreement shall occur.

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 CU shall have been established under terms of reference acceptable to the Association and shall be staffed with personnel with qualifications and experience acceptable to the Association;

(b) the Borrower shall have established the tertiary education project account referred to in Section 3.02 and shall have deposited therein an initial amount in Cedis equivalent to \$70,000; and

(c) MOE shall have selected: (i) a procurement agent for equipment, (ii) a textbook and reference book distributor, and (iii) an architectural and engineering consulting firm, each under terms of reference and in accordance with procedures acceptable 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.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Provisional National Defence Council Secretary for Finance and Economic Planning 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:

PNDC Secretary for Finance and
Economic Planning
Ministry of Finance and Economic Planning
P.O. Box M40
Accra, Ghana

Cable address:	Telex:
ECONOMICON Accra	2205 MIFAEP GH

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.	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 GHANA

By /s/ Joseph Abbey
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 the Project (other than Part B.6)	8,300,000	80%
(2) Equipment, Computers and Vehicles under the Project (other than Parts B.5 and B.6)	11,000,000	100% of foreign expenditures and 90% of local expenditures
(3) Books and Journals under the Project (other than Part B.6)	2,700,000	100% of foreign expenditures
(4) Training under the Project (other than Part B.6)	1,530,000	100%
(5) Consultants' Services under the Project (other than Parts B.5 and B.6)	2,850,000	100%
(6) Research Fund Sub-Project Expenditures	700,000	100%
(7) Studies	70,000	100% of foreign expenditures
Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(8) University College Expenditures	900,000	100% of foreign expenditures and 90% of local expenditures
(9) Incremental Recurrent Costs	180,000	90%
(10) Refunding of Project Preparation Advance	420,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(11) Unallocated	2,550,000	
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TOTAL	31,200,000 =====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

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

(c) the term "Research Fund Sub-Project expenditures" means expenditures for equipment and other costs incurred in carrying out any Research Fund Sub-Project;

(d) the term "training" means expenditures for fellowships, conferences, workshops, courses and other forms of training, each as are approved by the Association;

(e) the term "University College expenditures" means expenditures for civil works, equipment, vehicles, books, training and consultants' services required for Part B.6 of the Project; and

(f) the term "incremental recurrent costs" means the incremental Project-related costs incurred by the CU for office supplies, vehicle operation and maintenance, and salaries for contract staff.

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, except that withdrawals, in an aggregate amount not to exceed SDR 700,000, may be made in respect of Categories (1), (2), (3), (4) and (5) on account of payments made for expenditures before that date but after July 1, 1992;

(b) under Category (6) until the Borrower shall have established terms and conditions acceptable to the Association for the operation of the Research Fund, including criteria for the selection of research proposals and arrangements for its management; and

(c) under Category (8) until: (i) the University College shall have been established by instrument acceptable to the Association, (ii) the principal of the University College shall have been appointed, and (iii) a memorandum of understanding between the University College and the Borrower shall have been executed, in form and substance acceptable to the Association, setting forth their respective rights and obligations with respect to the Project and the program set forth in the Policy Letter.

SCHEDULE 2

Description of the Project

The objectives of the Project are to improve the Borrower's management and operation of tertiary education and support its related sectoral reforms.

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: Ministry of Education

1. Increasing the institutional capacity of MOE to manage tertiary education, in particular in connection with the Borrower's implementation of the Tertiary Education Reform Program, including: (a) training of staff, (b) establishment of a management information system, and (c) preparation of labor market demand and other

studies.

2. Establishment and operation of the following tertiary education boards: (a) a board of accreditation, (b) a joint admissions and matriculations board, and (c) a board for technical and professional examinations.

Part B: Universities, Polytechnics and the University College

1. Rehabilitation and expansion of the buildings at the Universities and Polytechnics, including:

(a) at the Universities: construction and rehabilitation of libraries, lecture theaters, laboratories, workshops, campus facilities for non-resident students, and sanitary facilities; and

(b) at the Polytechnics: construction and rehabilitation of laboratories, workshops, classrooms, campus facilities for non-resident students, and sanitary facilities.

2. Improving the laboratory and workshop facilities at the Universities and Polytechnics through the acquisition and maintenance of equipment.

3. Increasing student access at the Universities and Polytechnics: (a) to reference and resource materials through the acquisition of textbooks and other reference books, and through subscriptions to journals, and (b) to computers.

4. Improving the institutional capacities of the Universities and Polytechnics to provide educational services through, inter alia:

(a) training of staff, including the provision of fellowships;

(b) the computerization of administrative, planning and library services;

(c) the acquisition of vehicles for administrative purposes and student field trips;

(d) the acquisition of teaching aids;

(e) the development and operation of a centralized system for timetabling and space allocation and of a management information system at each institution; and

(f) the establishment of student career advisory services.

5. Establishment and operation of a fund to support research by the Universities (the Research Fund).

6. Strengthening the education services of the University College through:

(a) completion of the science block building, library refurbishing and construction and rehabilitation of sanitary facilities;

(b) improvement of laboratory and workshop facilities (including the acquisition and maintenance of equipment);

(c) increase of student access: (i) to reference and resource materials (including the acquisition of textbooks and other reference books and subscriptions to journals), and (ii) to computers; and

(d) (i) training of staff, including the provision of fellowships, (ii) the computerization of administrative, planning and library services, (iii) the acquisition of vehicles for administrative purposes and student field trips, (iv) the acquisition of teaching aids, (v) the development and operation of

a centralized system for timetabling and space allocation and of a management information system, and (vi) the establishment of a student career advisory service.

* * *

The Project is expected to be completed by June 30, 1997.

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 1992 (the Guidelines).

2. To the extent practicable, contracts for civil works for the Polytechnics and the University College shall be grouped into single bid packages for each institution.

3. Goods shall be exempted from pre-shipment price inspection by third-party inspection firms.

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 Ghana 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. Items or groups of items for goods estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$1,000,000, may be procured under contracts awarded through limited international bidding procedures on the basis of evaluation and comparison of bids obtained from a list of qualified suppliers eligible under the Guidelines and in accordance with procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).

2. Items or groups of items for (a) works estimated to cost the equivalent of \$1,000,000 or less per contract, up to an aggregate amount equivalent to \$3,000,000, and (b) goods estimated to cost the equivalent of \$50,000 or less per contract, 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. To the extent practicable, contracts for civil works for the Polytechnics and the University College shall be grouped into single bid packages for each institution.

3. Items or groups of items for goods estimated to cost the equivalent of \$20,000 or less per contract, up to an aggregate amount equivalent to \$500,000, 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.

4. Items or groups of items for goods estimated to cost the equivalent of \$10,000 or less per contract, up to an aggregate amount equivalent to \$100,000, may be awarded after direct negotiations with suppliers, in accordance with procedures acceptable to the Association.

Part E: 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 (i) for works estimated to cost the equivalent of \$250,000 or more and (ii) for goods estimated to cost the equivalent of \$100,000 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

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

Implementation Program

1. The Borrower shall continue to operate the CU under terms of reference, and with staff with qualifications and experience, acceptable to the Association.

2. MOE shall employ procurement agents for equipment, and architectural and engineering consultants, each with qualifications and experience and under terms and conditions acceptable to the Association.

3. In carrying out Part A.1 of the Project, MOE shall establish and operate a management information system for tertiary education.

4. In carrying out Part A of the Project, MOE shall prepare and

complete by December 31, 1994 the following studies, under terms of reference agreed upon with the Association: (a) a manpower survey study, (b) an analysis of the socio-economic composition of the student body in tertiary education, (c) an evaluation of possibilities for private provision of tertiary education, (d) a study of prospects for income generation by tertiary education institutions, and (e) a study of the scope of female participation in tertiary education.

5. The Borrower shall cause the Universities, Polytechnics and the University College to carry out Part B of the Project: (a) under the coordination of MOE, and (b) in accordance with the standards set forth in Section 3.01(a) of this Agreement.

6. In carrying out Part B of the Project, MOE shall establish, to the satisfaction of the Association: (a) a workprogram identifying the civil works to be carried out under Parts B.1 and B.6(a); (b) a list identifying the laboratories and workshops to be equipped under Parts B.2 and B.6(b); (c) guidelines for selecting the textbooks and reference books to be acquired under Parts B.3 and B.6(c); and (d) guidelines for identifying the computers to be acquired under Parts B.3 and B.6(c).

7. In carrying out Parts B.4 and B.6(d) of the Project, the Borrower shall cause the Universities, Polytechnics and the University College to prepare, by January 31, annual programs for staff training for the following academic year satisfactory to the Association.

8. In carrying out Part B.5 of the Project, the Borrower shall, except as the Borrower and the Association shall otherwise agree, operate the Research Fund under the terms and conditions established in accordance with paragraph 3(b) of Schedule 1 to this Agreement.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (9) 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 \$3,000,000 to be withdrawn from the Credit Account and deposited in 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.

