

CONFORMED COPY

CREDIT NUMBER 2481 UNI

Development Credit Agreement

(Development Communication Pilot Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 30, 1993

CREDIT NUMBER 2481 UNI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 30, 1993, between the FEDERAL REPUBLIC OF NIGERIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Project will be carried out by the Nigerian Television Authority (NTA) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to NTA the proceeds of the Credit as provided in this Agreement; 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) "ETU" means Educational Television Unit to be established in accordance with Part C of the Project;

(b) "FMIC" means the Federal Ministry of Information and Culture of the Borrower;

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

(d) "NTA" means the Nigerian Television Authority, established and operating under the Nigerian Television Authority Decree, 1977;

(e) "Participation Agreement" means the agreement to be entered into between the Borrower and NTA pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Participation Agreement;

(f) "Project Account" means the account referred to in Section 3.02 of this Agreement;

(g) "Project States" means the States of Akwa Ibom, Benue, Delta, Enugu, Imo, Kaduna, Kano, Lagos, Niger and Oyo;

(h) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(i) "Steering Group" means the group established in accordance with Section 3.01 (b) (vi) and Part (C) of Schedule 4 to this Agreement; and

(j) "Working Committee" means the Committee established in accordance with Section 3.01 (b) (vi) and Part D of Schedule 4 to this Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to five million nine hundred thousand Special Drawing Rights (SDR 5,900,000).

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 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 or merchant 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 December 31, 1998 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 and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 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 January 1 and July 1 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 January 1 and July 1, commencing July 1, 2003 and ending January 1, 2028. Each installment to and including the installment payable on January 1, 2013 shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) 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 through NTA with due diligence and efficiency and in conformity with appropriate administrative, financial and educational practices, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall make the proceeds of the Credit available to NTA, as a grant, under a participation agreement to be entered into between the Borrower and NTA, under terms and conditions which shall have been approved by the Association, and which shall, inter alia, require NTA to:

- (i) allocate, by December 31, 1995, a weekly one-hour of network time to the transmission of educational materials, and increase said transmission to three hours every week by project completion;
- (ii) introduce, no later than the fourth year of the Project, an annual budget line of ten percent (10%) of equipment costs for depreciation;
- (iii) introduce, no later than the fifth year of the Project, a budget item of ten percent (10%) of equipment costs for maintenance and spare parts;
- (iv) make funds available to pay staff salaries, cover administrative costs and other recurrent expenditures;
- (v) use the ETU site, all the time throughout the useful life of the facilities, solely for the production of project related materials;
- (vi) establish a Steering Group and a Working Committee, each in a form and with functions satisfactory to the Association, the membership of which shall include a representative of FMIC; and
- (vii) define, in detail, the accounting system and the managerial structure of ETU.

(c) The Borrower shall carry out or cause to be carried out the actions specified in Schedule 4 to this Agreement to the satisfaction of the Association.

(d) The Borrower shall exercise its rights under the Participation Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Participation Agreement or any provision thereof.

Section 3.02. The Borrower shall cause NTA to open and thereafter maintain in NTA's name, in a commercial or merchant bank satisfactory to the Association, a Project Account in Naira into which NTA shall deposit an initial amount equivalent to seventy thousand dollars (\$70,000) from its own resources and shall thereafter quarterly replenish the Project Account by depositing the required counterpart contributions provided by NTA, in accordance with the estimated requirements as determined by the Association and the Borrower.

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. The Borrower and the Association hereby agree that 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, respectively) shall be carried out by NTA.

Section 3.05. (a) The Borrower shall cause NTA to carry out, in collaboration with FMIC, no later than three years after the Effective Date, jointly with the Association, a mid-term review of the Project. The mid-term review, inter alia, shall examine the technical assistance phasing out, local staff involvement in the production and distribution, the 26 episodes of pre-school videos produced, the one hour per week of instructional and development network programming, the distribution of the first batch of bought-in videos, and the first formative evaluation.

(b) The Borrower shall cause FMIC and NTA to implement all corrective measures arising out of the mid-term review and agreed with the Association.

(c) Three months prior to the review, FMIC and NTA shall furnish to the Association all relevant documents showing progress attained in carrying out the objectives of the Project.

Section 3.06. The Borrower shall: (i) no later than December 31, 1995, cause NTA to carry out, in collaboration with FMIC, the research studies referred to in Part C.6 of the Project; and (ii) promptly thereafter cause NTA to furnish to the Association the findings of the studies for the Association's review and comment.

ARTICLE IV

Financial and other Covenants

Section 4.01. (a) The Borrower shall maintain or cause NTA to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project.

(b) The Borrower shall cause NTA to:

- (i) have the records and accounts referred to in paragraph (a) of this Section and those for the Special Account and the Project 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 (6) months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including 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; and
- (iii) furnish to the Association such other information concerning said records and 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 expenditures, the Borrower shall cause NTA to:

- (i) maintain or cause to be maintained in accordance with sound accounting practices, records and accounts reflecting such expenditures;
- (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained 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 was made; and
- (iii) enable the Association's representatives to examine such records.

Section 4.02. The Borrower shall cause NTA to:

(a) take out and maintain with responsible insurers or to make other provisions satisfactory to the Association for, insurance against such risk and in such amounts as shall be consistent with appropriate practice;

(b) carry on its operations and conduct its affairs in accordance with sound administrative, financial and public utility practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and

(c) operate and maintain, at all time, its plant, machinery, equipment and other property relating to the Project, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and public utility practices.

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) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that NTA will be able to perform its obligations under this Agreement;

(b) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of NTA or for the suspension of its operations; and

(c) NTA shall have failed to perform any of its obligations under the Participation Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely, that the event specified in paragraphs (b) and (c) 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 Participation Agreement has been executed on behalf of the Borrower and NTA;

(b) the Project Account has been opened and the initial deposit made;

(c) NTA has submitted to the Association the draft International Competitive Bidding and Local Competitive Bidding documents for civil works, equipment, vehicles, furniture and videos to be procured under the Project;

(d) NTA has furnished to the Association a surveyor's report satisfactory to the Association, on the proposed site for the studio, suitable architectural plans and buildings specifications for the studio, including the confirmation that the land for the site belongs to NTA;

(e) NTA has appointed the procurement consultant referred to in paragraphs 2 (c) of Schedule 4 to this Agreement respectively;

(f) NTA has furnished to the Association a short list of candidates for: (i) the position of the Project Coordinator referred to in paragraph 1 (E) of Schedule 4 to this Agreement; and (ii) the positions of the production director, studio production specialist, and monitoring and evaluation specialist referred to in paragraph 2 (a), (b) and (d) of the said Schedule 4;

(g) NTA has furnished to the Association the details of overseas training courses required under the Project; and

(h) NTA has furnished to the Association detailed costs, objectives and plans for the study tour itineraries included in the Project.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the Participation Agreement has been duly authorized or ratified by the Borrower and NTA, and is legally binding upon the Borrower and NTA in accordance with its terms.

Section 6.03. 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

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance 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:

The Honourable Minister
Federal Ministry of Finance
P.M.B. 14
Garki, Abuja
Nigeria

Cable address:

FEDMINFIN
Abuja

Telex:

21248 (ITT)

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:

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

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.

FEDERAL REPUBLIC OF NIGERIA

By /s/ Zubair M. Kazaure
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) Works	1,180,000	100% of foreign expenditures and 95% of local expenditures
(2) Goods	3,210,000	100% of foreign expenditures and 95% of local expenditures
(3) Consultants' services	950,000	100% of foreign expenditures and 50% of local expenditures
(4) Incremental costs	80,000	100% of local expenditures
(5) Unallocated	480,000	
TOTAL	5,900,000 =====	

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; and

(c) the term "incremental costs" means the incremental costs of the maintenance and operations of equipment, vehicles and furniture financed under the Project, the travel and hotel costs, office supplies and the session-fees of the Steering Committee and Working Group members.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in:
(i) promoting early childhood development; (ii) creating in parents greater awareness of early childhood needs and care; (iii) increasing the knowledge and competencies of persons in care of children; (iv) developing the necessary framework of institutions and infrastructure that will assure television programs of high educational and developmental quality; and (v) developing replicable forms of educational and social program development, monitoring and evaluation.

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: Provision, Dissemination and Development of Instructional Materials:

(1) Provision to participating centers established in local government areas of the Project States of video programs and printed support materials, including: (i) production by the NTA of pre-school programs; (ii) acquisition of children's video programs; (iii) development of video programs carrying messages dealing with health, nutrition, AIDS prevention, environmental sanitation, early child care, population, agricultural and economic activities and other issues of social relevance.

(2) Distribution of videos and other instructional materials to both public and private pre-schools through NTA network, local viewing centers and video-on-wheel units, including: (i) the resumption by NTA of its weekly instructional broadcasts, (ii) establishment of local viewing centers in suitable locations in the Project States; (iii) the establishment of video-on-wheel units to travel to rural pre-schools; and (iv) the provision to private pre-schools of videos and, where necessary, video equipment.

PART B: Reinforcement of Instruction

(1) Production by NTA of a series of training videos for pre-school organizers, proprietors, facilitators and trainers.

(2) Training courses, including: (i) training of (A) staff of non-governmental organizations (NGOs), private proprietors and local government authorities responsible for the coordination of pre-schools, (B) program facilitators, (C) caregivers, and (D) drivers and caretakers; (ii) on-the-job training by facilitators of caregivers; and (iii) establishment of a Steering Group and Advisory

Committee to advise on and oversee activities at the local viewing centers.

Part C: Institutional Framework and Establishment of a Model

(1) Development of a center for educational television production, including: (i) the establishment of an Educational Television Unit (ETU); (ii) a study tour for staff of FMIC; (iii) overseas training for key members of ETU's production team; and (iv) on the job training for other production staff of ETU.

(2) Establishment of: (i) a Steering Group to be responsible for the organization of ETU; and (ii) a Working Committee to assist the Steering Group in the carrying out of its functions.

(3) Development of a methodology for program production including: (i) program and production planning; (ii) research and production development; (iii) preparation of pilots and test materials; and (iv) studio and post production, field testing and broadcasting.

(4) Training of pre-school education personnel to reinforce instruction and to increase the understanding and impact of social messages designed for caregivers and parents.

(5) Monitoring, evaluation and research including: (i) a survey of video-on-wheels and local viewing centers to ascertain appeal, involvement and recall of program materials to children and parents; (ii) a mid-project evaluation meeting of project designers, implementers, evaluators, outside experts, and adult representatives of targeted audiences; and (iii) compilation of survey data, qualitative assessments, and summative analysis.

(6) Additional research including: (i) a major study of the coordinated use and potential impact of the media to accelerate growth and development in Nigeria; (ii) research into transmission problems and their solution; and (iii) a study of the future development of ETU.

* * *

The Project is expected to be completed by June 30, 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 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 goods and works shall be grouped in bid packages estimated to cost the equivalent of \$200,000 or more each.

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 the Federal Republic of Nigeria may be granted a margin of preference in accordance with, and subject to, the provisions of paragraph 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. Local competitive bidding:

Studio furniture, vehicles and pre-produced videos estimated to cost less than the equivalent of \$200,000 per contract, up to an aggregate amount not to exceed \$510,000 equivalent, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Local shopping:

Video distribution and reception equipment, reprographic equipment and sundry items for video production and video programs, up to an aggregate amount not to exceed the equivalent of \$2,920,000 may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, 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 estimated to cost the equivalent of \$50,000 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 paragraphs 2 (d) and 4 of said Appendix 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 sub-paragraph (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 10% 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

Actions referred to in Section 3.01 (c)

1. Project Coordination and Management:

(A) FMIC

FMIC shall generally oversee the execution of the Project, including ensuring that: (i) the Project is regularly monitored; and (ii) NTA carries out the studies referred to in Part C.6 of the Project by December 31, 1995.

(B) NTA

1. NTA shall have the responsibility of: (i) convening meetings of the Steering Group and the Working Committee; and (ii) ensuring the overall coordination of the activities of the project institutions.

2. NTA shall also be in charge of: (i) the procurement of civil works, goods and services; (ii) the development, production and acquisition of videos and printed support-materials; (iii) the network distribution of the materials and distribution through three video-on-wheels units and three local viewing centers; (iv) the organization and oversight of monitoring and evaluation; (v) complying with the reporting requirements; and (vi) staffing of ETU and three video-on-wheels and three local viewing centers.

3. For the purpose of the Project, NTA shall appoint: (i) a local educational expert to check and monitor the educational input and to assess the educational value of overseas materials; and (ii) a monitoring and evaluation consultant to be responsible for overseeing the coordination of production with distribution, reinforcement, monitoring and evaluation.

(C) Steering Group

1. The Steering Group shall: (i) control the activities of ETU, and (ii) ensure the quality of output and the efficient running and financial control of ETU.

2. The Steering Group shall be responsible, through the Director of Programs and the Director General of NTA, to the FMIC.

(D) Working Committee

The responsibilities of the Working Committee shall be: (i) to provide services to the Steering Group; and (ii) to evaluate the services through feedback from the recipients and the educational validity of the programs.

(E) Project Coordinator

For the purpose of the coordination and the overall management of the Project, a Project Coordinator, with qualifications and experience satisfactory to the Association, shall be appointed by NTA. The Project Coordinator shall be, inter alia, responsible for:

- (i) ensuring sound educational, creative and technical standards;
- (ii) maintaining the production schedule;
- (iii) ensuring acquisition of overseas materials;
- (iv) coordinating with outside agencies including the Association, and providers of pre-school education; and

(v) reporting to the Management of NTA.

2. Other:

For the purpose of the Project, the following shall be appointed:

- (a) a Director experienced in educational programs, for six months in the first instance to build the team and develop the approach to ETU work;
- (b) a studio production specialist to work for six months in the first instance alongside the technical crew, including lighting, sound, vision mixing, editing and camera operators;
- (c) a procurement consultant to administer procurement in the first two years of the Project; and
- (d) a monitoring and evaluation consultant with experience in monitoring television productions and their impact until the completion of the Project.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) 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 five hundred thousand dollars (\$500,000) 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.

