

**CONFORMED COPY**

**CREDIT NUMBER 3597 BUR**

# **Development Credit Agreement**

**(Basic Education Sector Project)**

**between**

**BURKINA FASO**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated January 31, 2002**

**CREDIT NUMBER 3597 BUR**

**DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated January 31, 2002, between BURKINA FASO (the Borrower) and

AGREEMENT, dated January 31, 2002, between BURKINA FASO (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter, dated May 2, 2001 from the Borrower, describing a program of actions, objectives and policies designed to support the implementation of the Borrower's Basic Education Ten-Year Program (hereinafter called the Program);

(B) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, and which forms part of the Program, has requested the Association to assist in the financing of the Project;

(C) the Borrower intends to contract from the Canadian International Development Agency (CIDA) a grant (the CIDA Grant) in an amount equivalent to 20,000,000 Canadian dollars to assist in financing the Project on the terms and conditions set forth in an agreement (the CIDA Grant Agreement) to be entered into between the Borrower and CIDA;

(D) the Borrower intends to contract from the Netherlands Minister for Development Cooperation (the Netherlands) a grant (the Dutch Grant) in an amount equivalent to 12,252,066 Euros to assist in financing the Project on the terms and conditions set forth in an agreement (the Dutch Grant Agreement) to be entered into between the Borrower and the Netherlands; 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 (as amended through October 6, 1999) (the General Conditions), constitute an integral part of this Agreement:

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly renumbered as paragraphs (13) through (15):

"12. 'Participating Country' means any country that the Association determines meets the requirements set forth in Section 11 of Resolution No. 194 of the Board of Governors of the Association, adopted on April 8, 1999; and 'Participating Countries' means, collectively, all such countries." ; and

(b) the second sentence of Section 5.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services

“Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.”

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 and the following additional terms have the following meanings:

- (a) “AIDS” means the Acquired Immune Deficiency Syndrome;
- (b) “Beneficiary” means an entity (including a parents’ association, a village, or a group of villages), which meets the eligibility criteria specified in the Implementation Manual (as hereinafter defined) and to which or for whose benefit a Grant is made, or proposed to be made, for a Subproject under Parts A and B of the Project;
- (c) “BPE” means *Bureau des Projets Education*, the Project management unit within the MEBA (as hereinafter defined), referred to in paragraph 3 of Schedule 4 to this Agreement;
- (d) “CASEM” means *Conseil d’administration du secteur ministériel*, the Borrower’s oversight and review board, established pursuant to the Borrower’s Law Number 013/98/AN, dated April 28, 1998, providing oversight and policy guidance over the Program and responsible for the mobilization and allocation of resources, the approval of annual work programs and budgets, Program progress review, and donor coordination, which board of directors includes representatives of the Borrower’s Ministry of Finance and Economy, the Ministry of Civil Service and Institutional Development, the Ministry of Decentralization and Communities, the students’ parent associations, the teachers’ unions, as well as the donor community, referred to in paragraph 2 of Schedule 4 to this Agreement;
- (e) “CBNEF” means *Centre d’éducation de base non-formelle*, an out-of-school children center;
- (f) “CFAF” means *Franc de la Communauté Financière Africaine*, the currency of the Borrower;
- (g) “DAF” means *Direction des Affaires Administratives et Financières*, the Directorate of Administration and Finance in the Borrower’s line ministries;
- (h) “Eligible Categories” means: (i) Categories (1) through (2) and (4) through (5) set forth in the table in Part A.1 of Schedule 1 to this Agreement in respect of Special Account A (as hereinafter defined); and (ii) Category (3) set forth in the table in Part A.1 of Schedule 1 to this Agreement in respect of Special Account B (as hereinafter defined);
- (i) “Eligible Expenditures” means the expenditures for goods and services referred to in Section 2.02 (a) of this Agreement in respect of Special Account A and Special Account B, to be financed out of the proceeds of the Credit allocated from time to time to said Special Accounts’ respective Eligible Categories;
- (j) “Fiscal Year” or “FY” means the fiscal year of the Borrower starting January 1

- (j) “Fiscal Year” or “FY” means the fiscal year of the Borrower starting January 1 and ending December 31, each calendar year;
- (k) “HIV” means the Human Immuno-Deficiency Virus;
- (l) “IEC” means Information, Education and Communication;
- (m) “Implementation Manual” means the Implementation Manual to be adopted pursuant to the provisions of Section 6.01 (a), for the implementation of all the components of the Project, in form and substance satisfactory to the Association, and referred to in paragraph 1 of Schedule 4 to this Agreement and containing, inter alia, disbursement and procurement arrangements, work plans, training plans, the monitoring and performance indicators set forth in Schedule 5 to this Agreement, and procedures to be used for the purposes of implementation of the Project, as they may be amended from time to time, in consultation with the Association, and such term includes any schedules to the Implementation Manual;
- (n) “Initial Deposit” means the initial amount to be deposited in the Project Account pursuant to Section 6.01 (b), and referred to in Section 3.04 (b) of this Agreement;
- (o) “MEBA” means *Ministère d'Éducation de Base et d'Alphabétisation*, the Borrower’s ministry of Basic Education and Literacy;
- (p) “NGO” means a non-governmental organization, operating under the laws of the Borrower;
- (q) “Project Account” means the account referred to in Section 3.04 (a) of this Agreement;
- (r) “Project Management Report” means each report prepared in accordance with Section 4.02 of this Agreement;
- (s) “Project Preparation Advance” means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on February 10, 1999 and on behalf of the Borrower on March 3, 1999;
- (t) “Project Year” means the 12 month period beginning from the Effective Date and ending 12 months thereafter and each successive 12 month period following thereafter;
- (u) “Province” means one of the 45 provinces within the territory of the Borrower;
- (v) “Special Accounts” means Special Account A and Special Account B referred to in Section 2.02 (b) of this Agreement and Part B of Schedule 1 to this Agreement;
- (w) “Subproject Grant Agreement” means an agreement to be entered into between Beneficiaries and BPE for the purpose of carrying out a Subproject;

(x) “Subproject Grant” means a grant made or to be made to a Beneficiary for the financing of a Subproject under Parts A and B of the Project;

(y) “Subproject” means an activity or other initiative to be carried out by a Beneficiary under the Project, which, having met the eligibility criteria set out in the Implementation Manual and the provisions of paragraphs 7 and 8 of Schedule 4 to this Agreement, is eligible for financing, through a Subproject Grant, under Parts A and B of the Project;

(z) “Workprogram” means the education-related activities included in a work program prepared annually by the Provinces and to be financed under a Workprogram Agreement (as hereinafter defined), under Part A of the Project;

(aa) “Workprogram Agreement” means the agreement entered into between BPE and the Provinces, for the carrying out, each Project Year, of a specific program of education-related activities, under Part A of the Project; and

(bb) “Workprogram Grant” means a grant made or to be made to a Province for the financing of a Workprogram under Part A of the Project.

## **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 twenty-five million six hundred thousand Special Drawing Rights (SDR 25,600,000).

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: (i) amounts paid (or, if the Association shall so agree, amounts to be paid) by the Borrower on account of withdrawals made under a Subproject Grant or a Workprogram to meet the reasonable costs of goods, works and services required for a Subproject or a Workprogram to be financed under Parts A and B, and A, respectively, of the Project; and (ii) expenditures made (or if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower may, 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. The first of the Special Accounts (Special Account A) shall be used exclusively for Parts A, B and C of the Project, and the second Special Account (Special Account B) shall be used exclusively for Subprojects under Parts A and B of the Project. Deposits into, and payments out of the Special Accounts shall be made in accordance with the provisions of Part B of Schedule 1 to this

Accounts shall be made in accordance with the provisions of Part B of Schedule 1 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 canceled.

Section 2.03. The Closing Date shall be December 31, 2006 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 canceled; 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 May 15 and November 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each May 15 and November 15 commencing May 15, 2012 and ending November 15, 2041. Each installment to and including the installment payable on November 15, 2021 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 per capita gross national product (GNP), as

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; 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 repayment of installments under paragraph (a) above by:

- (A) 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; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above 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.

(d) 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, 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) 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

(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. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Borrower shall:

(a) 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 Borrower and the Association, a plan designed to ensure the sustainability of the Project; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

Section 3.04. Without limitation on the provisions of Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain, until the completion of the Project, a Project Account, in the Borrower's Treasury, on terms and conditions satisfactory to the Association;

(b) promptly thereafter make an initial deposit into the Project Account in an amount equivalent to \$600,000 to finance the Borrower's initial contributions to the expenditures under the Project;

(c) thereafter, at semiannual intervals, deposit into the Project Account such amounts as are estimated to be required for the ensuing six-month period and as shall be agreed upon between the Borrower and the Association; and

(d) ensure that the amounts deposited into the Project Account in accordance with paragraphs (b) and (c) of this Section shall be used exclusively to finance the Borrower's contribution to the expenditures under the Project and not otherwise financed out of the proceeds of the Credit and the CIDA and Dutch Grants.

## **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,



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 Accounts 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, 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 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 Project Management Reports or 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 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 Project Management Reports or 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.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower 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 the Borrower, not later than eighteen months after the Effective Date, or such later date as the Association shall agree, to prepare quarterly Project Management Reports with respect to

Borrower, not later than eighteen months after the Effective Date, or such later date as the Association shall agree, to prepare quarterly Project Management Reports with respect to

Categories (1) through (5), 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 Project implementation, 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, the Borrower 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**

### **Remedies of the Association**

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

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

(b) the CIDA Grant Agreement shall have failed to become effective by June 30, 2003, 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.

(c) the Dutch Grant Agreement shall have failed to become effective by June 30, 2003, 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

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.

- (d) (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 Program shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or
  - (B) any such loan shall have become due and payable prior to the agreed maturity thereof.
- (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 Program 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 (h) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (d) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (d) (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 has adopted the Implementation Manual;
- (b) the Borrower has opened the Project Account and made therein the Initial Deposit;
- (c) the Borrower has established an accounting and financial management system for the Project, satisfactory to the Association;
- (d) the Borrower has appointed the independent auditors referred to in Section 4.01 (b) of this Agreement, under terms and conditions acceptable to the Association, in accordance

(b) of this Agreement, under terms and conditions acceptable to the Association, in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(e) the Borrower has submitted to the Association a procurement plan, in form and substance satisfactory to the Association, for the first year of the Project;

(f) the Borrower has submitted to the Association an environmental assessment, in form and substance satisfactory to the Association; and

(g) the Borrower has appointed the staff of the BPE and the Provinces in accordance with paragraphs 3 (b) and 4 of Schedule 4 to this Agreement.

Section 6.02. The date one hundred and twenty days (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## ARTICLE VII

### Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Economy and Finance  
03 BP 7008  
Ouagadougou 03  
Burkina Faso

Cable address:	Telex:	Facsimile:
SEGEGOUV	5555	(226) 31 27 15 or (226) 31 54 09

For the Association:

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

Cable address:	Telex:	Facsimile:
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	<u>Category</u>	<u>SDR Equivalent)</u>	<u>to be Financed</u>
(1)	Goods and Vehicles	5,880,000	100% of foreign expenditures and 80% of local expenditures
(2)	Consultants' services and training	3,130,000	100%
(3)	Subproject Grants	630,000	100% of amounts disbursed
(4)	Workprogram Grants	8,640,000	100% of amounts disbursed
(5)	Operating costs	4,090,000	80%
(6)	Refunding of Project Preparation Advance	870,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(7)	Unallocated	2,360,000	
		_____	
	Total	25,600,000	
		=====	

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; provided, however, that if the currency of the Borrower is also that of another country from the territory of which the goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(c) the term "Operating costs" means the incremental operating costs incurred on account of Project implementation, management and monitoring, including office supplies, office space rental and utilities, Special Accounts banking charges, audits, communications, maintenance and insurance of vehicles, fuel, travel per diems and allowances for staff, travel and accommodations, and contractual staff recruited to work with BPE, but excluding salaries of officials of the Borrower's civil service.

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

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

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

(b) expenditures under Category (3) for any Subproject Grants, or expenditures under Category (4) for any Workprogram Grants, unless such Subproject Grant or Workprogram Grant has been approved in accordance with the eligibility criteria, procedures and terms and conditions set forth in paragraphs 8 through 11 of Schedule 4 to this Agreement and further described in the Implementation Manual.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures and Project Management Reports for: (i) goods under contracts not exceeding \$100,000 equivalent each; (ii) consulting firms under contracts not exceeding \$100,000 equivalent each; (iii) individual consultants under contracts not exceeding \$50,000 equivalent each; and (iv) Workprogram Grants, Subproject Grants, Operating costs and training, all under such terms and conditions as the Association shall specify by notice to the Borrower.

#### B. Special Accounts

1. The Borrower shall open and maintain in CFAF in a commercial bank, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment two special deposit accounts, namely: (a) Special Account A for Parts A, B and C of the Project; and (b) Special Account B for Subprojects under Parts A and B of the Project. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into the respective Special Account in accordance with the provisions of this Schedule. Payments out of each Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of a 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.

2. Except as the Association shall otherwise agree, after the Association has received evidence satisfactory to it that a Special Account has been duly opened, withdrawals from the Credit Account of amounts to be deposited into the said Special Account shall be made as follows:

(a) each application for withdrawal from the Credit Account shall be supported by a Project Management Report; and

(b) upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the said Special Account an amount equal to the lesser of: (i) the amount so requested; or (ii) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible

amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible

Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said report to be remaining in the said Special Accounts, shall not exceed the equivalent of CFAF 2,000,000,000 in respect of Special Account A and CFAF 60,000,000 in respect of Special Account B. Each such deposit into the said Special Accounts shall be withdrawn by the Association from the Credit Account under one or more of the said Special Accounts' Eligible Categories.

3. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

(a) if the Association determines at any time that any Project Management Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

(b) if the Association determines at any time that all further withdrawals should be made by the Borrower directly from the Credit Account; or

(c) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of: (i) the records and accounts for a Special Account; or (ii) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

4. The Association shall not be required to make further deposits into any of the Special Accounts in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to Section 5.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into a Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

5. (a) If the Association determines at any time that any payment out of a Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into the said Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment.

(b) If the Association determines at any time that any amount outstanding in a Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, 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 a Special Account.



(d) Refunds to the Association made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 5 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

**Annex A**  
**to**  
**SCHEDULE 1**  
**Operation of Special Accounts**  
**When Withdrawals Are Not Made**  
**On the Basis of Project Management Reports**

1. For the purposes of this Annex the term “Authorized Allocation” means: (i) in respect of Special Account A, an amount equivalent to CFAF 2,000,000,000 to be withdrawn from the Credit Account and deposited into such Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount equivalent to CFAF 1,000,000,000, until the aggregate amount of withdrawals from the Credit Account of amounts allocated to said Special Account’s Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall equal or exceed the equivalent of SDR 12,000,000; and (ii) in respect of Special Account B, an amount equivalent to CFAF 60,000,000 to be withdrawn from the Credit Account and deposited into such Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount equivalent to CFAF 30,000,000, until the aggregate amount of withdrawals from the Credit Account of amounts allocated to said Special Account’s Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall equal or exceed the equivalent of SDR 4,000,000.

2. Withdrawals of a Special Account’s Authorized Allocation and subsequent withdrawals to replenish the said Special Account shall be made as follows:

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

(b) For replenishment of the said Special Account, the Borrower shall furnish to the Association requests for deposit into the said Special Account at such intervals as the Association shall specify. 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 Part B.3 of Schedule 1 to this Agreement 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 said Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have

from the Credit Account and deposit into the said 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 said Special Account for Eligible Expenditures. Each such deposit into the said Special Account shall be withdrawn by the Association from the Credit Account under one or more of the said Special Account's Eligible Categories.

3. The Association shall not be required to make further deposits into a Special Account, once the total unwithdrawn amount of the Credit allocated to said Special Account's Eligible Categories minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of expenditures to be financed out of the proceeds of the Credit allocated to said Categories, shall equal the equivalent of twice the amount of the said Special Account's Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to said 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 said Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

**Annex B**  
**to**  
**SCHEDULE 1**  
**Operation of Special Accounts**  
**When Withdrawals Are Made**  
**On the Basis of Project Management Reports**

1. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into a Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into a Special Account shall be withdrawn by the Association from the Credit Account under one or more of the said Special Account's Eligible Categories.

2. Each application for withdrawal from the Credit Account for deposit into a Special Account shall be supported by a Project Management Report.

3. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into a Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the said Special Account, shall not exceed the equivalent of CFAF 2,000,000,000 in respect of Special Account A and CFAF 60,000,000 in respect of Special Account B.

**SCHEDULE 2**

## **Description of the Project**

The objective of the Project is to assist the Borrower in its efforts to implement the Program, which includes: (i) improving the access to, and quality of, basic education; (ii) strengthening the education sector's financial sustainability; and (iii) enhancing the financial management, budgeting, procurement, monitoring, evaluation and donor coordination of MEBA.

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:           Improving Access to Basic Education

#### 1.       Construction and rehabilitation of primary schools

Improving access to primary education for about 384,000 children, through: (i) construction and equipment of about 3180 new primary school classrooms; (ii) the rehabilitation and equipment of about 350 classrooms, through Workprograms; (iii) small works at school-based level through Subprojects and Workprograms; and (iv) provision of technical advisory services, training and equipment under Workprograms.

#### 2.       Girls Education

Improving girls' enrollment in basic education, through: (i) IEC campaigns to sensitize the population to the benefits of girls education; (ii) scaling up and providing support to mothers' associations; and (iii) the design of tutoring programs to prevent girls' repetition and dropout, all through the provision of technical advisory services, training, and equipment.

#### 3.       Adult Literacy Programs

Development of a strategy for adult literacy, including development of: (i) structured learning activities for neo-literates directly linked to their social and economic activities; (ii) local newspapers; (iii) publications in national languages; and (iv) village libraries, all through the provision of technical advisory services, training, and equipment.

#### 4.       Special Needs Education for Out of School Children

Strengthening special needs education for out of school children, by strengthening the CBNEF and harmonize donor interventions in this field, all through the construction of bilingual schools under the Workprograms, provision of technical advisory services, training and equipment.

**Part B:**            Improving Quality and Efficiency of Basic Education

Consolidation and scaling up activities to improve the quality and efficiency of basic education, by: (i) reforming the curriculum; (ii) improving the pre and in-service teacher training programs; (iii) the provision of pedagogical materials; (iv) improving the students' nutrition and health status, including preventive measures against HIV/AIDS infections; (v) support of school-based quality initiatives through the financing of Subprojects, and evaluation of learning outcomes; and (vi) early childhood development, all through the provision of technical advisory services, training and the acquisition of computers, equipment and vehicles.

**Part C:**            Institutional and Administrative Capacity Building of MEBA

Increasing the productivity in MEBA, and its capacity to manage resources and to move towards a decentralized sector planning and management, through the provision of technical advisory services, training and the acquisition of computers, equipment and vehicles.

\* \* \*

The Project is expected to be completed by June 30, 2006.

### **SCHEDULE 3**

#### **Procurement and Consultants' Services**

**Section I.**        Procurement of Goods and Works

**Part A: General**

1. Goods and works shall be procured in accordance with: (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines); and (b) the following provisions of Section I of this Schedule.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

**Part B: International Competitive Bidding**

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$8.6 million equivalent, and works estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$32.4 million equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National and International Shopping

Except as otherwise provided in paragraph 1 of this Part, goods estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$400,000 equivalent, may be procured under contracts awarded on the basis of national or international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Direct Contracting

Goods which must be purchased from the original supplier to be compatible with existing equipment or are of a proprietary nature and costing less than \$5,000 equivalent per contract, up to an aggregate amount no to exceed \$100,000 equivalent, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

4. Community Participation

Goods and works for Subprojects under Parts A and B of the Project shall be procured in

Goods and works for Subprojects under Parts A and B of the Project shall be procured in accordance with procedures acceptable to the Association.

5. Procurement of Small Works

Works estimated to cost less than \$10,000 equivalent per contract, up to an aggregate amount not to exceed \$800,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to: (a) each contract for goods and works estimated to cost the equivalent of \$100,000 and \$200,000 or more, respectively; (b) the first three contracts under National Competitive Bidding; and (c) all direct contracting, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

1. Consultants' services shall be procured in accordance with: (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines); and (b) the provisions of the following Parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the references to “Bank member countries” and “member country” shall be deemed to be references, respectively, to “Participating Countries” and “Participating Country”.

#### Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants’ services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants’ services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

#### Part C: Other Procedures for the Selection of Consultants

##### 1. Selection Based on Consultants’ Qualifications

Services for research from consulting firms, NGO’s and research institutes estimated to cost less than \$50,000 equivalent per contract and training when training cost exceeds \$50,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

##### 2. Single Source Selection

Services for: (a) training; (b) specific tasks estimated to cost less than \$10,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000; and (c) the management of the nutrition component, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

##### 3. Individual Consultants

Services of consultants for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

#### Part D: Review by the Association of the Selection of Consultants

##### 1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 and (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$50,000 or more, but less than the equivalent of \$100,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

## **SCHEDULE 4**

### **Implementation Program**

1. Implementation Manual. The Borrower shall carry out the Project in accordance with the Implementation Manual, except as the Association shall otherwise agree, shall not amend or waive any provision of the Implementation Manual if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

2. CASEM: The Borrower shall maintain CASEM in a form and with functions, membership and resources, satisfactory to the Association.

3. BPE: (a) The Borrower shall, within MEBA, maintain BPE, in a form and with functions, staffing and resources satisfactory to the Association. The functions of BPE shall



3. BPE: (a) The Borrower shall, within MEBA, maintain BPE, in a form and with functions, staffing and resources satisfactory to the Association. The functions of BPE shall include: (i) coordination with the Permanent Technical Secretariat (SPT) and DAF related to the carrying out of the Project; (ii) the monitoring and funding of activities under the Project; (iii) the management of the Special Accounts; (iv) the preparation of consolidated financial statements of the Project; (v) the arrangement of random Project audits to be carried out by independent auditors satisfactory to the Association; and (vi) all other financial reporting functions required under the Project.

(b) BPE shall have staff with qualifications and experience acceptable to the Association, including accounting, financial management and procurement personnel in adequate numbers, all of whom shall be appointed on terms and conditions satisfactory to the Association.

(c) BPE shall maintain a financial and accounting system, satisfactory to the Association, for the Project.

4. Provincial Staffing

The Provinces shall have staff with qualifications and experience acceptable to the Association, including accountants and civil works technicians in adequate numbers, all of whom shall be appointed on terms and conditions satisfactory to the Association.

5. Monitoring , Evaluation and Reporting

The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 5 to this Agreement the carrying out of the Project, and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about July 31 and January 31 in each year: (i) a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and (ii) a Project performance report in the format described in the Implementation Manual; and

(c) review with the Association, on or about June 30 and December 31 in each year, or such later date as the Association shall request, the reports referred to in paragraph (b) of this Section, and thereafter, take all measures required to ensure the efficient completion of the Project.

6. Mid-Term Review

(a) The Borrower shall, on or about June 30, 2004, carry out jointly with the Association a mid-term review. Such review shall assess the following: (i) the overall progress in the implementation of the Project; (ii) the results of the monitoring and evaluation activities; (iii) progress on procurement and disbursements; (iv) financial management capacity of MEBA; and (v) make adjustments to the Project and reallocate funds to improve performance, if needed.

(b) The Borrower shall, three months before such review, prepare and furnish to the Association reports, in scope and detail satisfactory to the Association, needed to undertake the review, including the preparation of a program of action, to deal with deficiencies in Project implementation identified prior to such review.

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

7. Other

(a) The Borrower shall, no later than December 31, 2004, or at such other date as the Association may agree, transfer financial management of external resources, as well as all procurement activities from BPE to the MEBA DAF, and establish financial management and procurement procedures and systems within the MEBA DAF, which are acceptable to the Association. The afore-mentioned transfer of financial management of external resources shall be preceded by a technical procurement capacity assessment, satisfactory to the Association. Such technical procurement capacity assessment shall be carried out by an independent firm, whose terms of reference and qualifications shall be satisfactory to the Association.

(b) The Borrower shall, no later than December 31, 2004, or at such other date as the Association may agree, transfer all BPE key staff to the MEBA DAF, all of whom shall be appointed on terms and conditions satisfactory to the Association.

(c) The Borrower shall, no later than June 30, 2003, adopt common reporting procedures, satisfactory to the Association, to reduce the administrative burden on MEBA.

(d) The Borrower shall, no later than June 30, 2003, set up steering committees to implement the Project at the decentralized regional and provincial school levels, in a form and with functions, membership and resources, satisfactory to the Association.

(e) The Borrower shall have annual technical and procurement audits at the central and decentralized levels, under terms of reference acceptable to the Association, carried out by independent auditors whose terms of reference and qualifications shall be satisfactory to the

independent auditors whose terms of reference and qualifications shall be satisfactory to the Association.

8. Eligibility Criteria for Subprojects

Subprojects shall be for activities related to education quality improvement and school building maintenance in accordance with the eligibility criteria, procedures and guidelines set forth in the Implementation Manual, which shall include, but not be limited to, activities in the following areas: small school repairs, diagnosis of quality education issues, improvement of work environment, role of communities, training, monitoring and evaluation, pedagogical materials, and awareness activities.

9. Terms and Conditions of Subproject Grants

The Borrower undertakes that, unless the Association shall otherwise agree, Subprojects shall be elaborated, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the Implementation Manual.

The Borrower shall enter into agreements with a Beneficiary, under terms and conditions satisfactory to the Association, which shall include the following:

(a) the obligation of the Beneficiary: (i) to carry out the Subproject with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards; and (ii) to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Subproject;

(b) the requirement that the goods, works and services to be financed from the proceeds of the Subproject Grant shall: (i) be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement; and (ii) be used exclusively in the carrying out of the Subproject; and

(c) the Borrower reserves the right to:

(i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Subproject, the operations thereof and any relevant records and documents;

(ii) obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operation and financial conditions of Subprojects; and

(iii) suspend or terminate the right of any Beneficiary to use the proceeds of the Subproject Grant upon the failure by the Beneficiary to perform any of its obligations under the Subproject Grant Agreement.

10. Eligibility Criteria for Workprograms

Workprograms shall be for activities related to school development, in accordance with the eligibility criteria, procedures and guidelines set forth in the Implementation Manual, which shall include, but not be limited to, activities in the following areas: school construction, normalization of existing schools, rehabilitation and small repairs.

11. Terms and Conditions of Workprogram Grants

The Borrower undertakes that, unless the Association shall otherwise agree, Workprograms shall be elaborated, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the Implementation Manual.

The Borrower shall enter into Workprogram Agreements with a Province, under terms and conditions satisfactory to the Association, which shall include the following:

(a) the obligation of the Provinces: (i) to carry out the Workprogram with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards; and (ii) to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Workprogram;

(b) the requirement that the goods, works and services to be financed from the proceeds of the Workprogram shall: (i) be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement; and (ii) be used exclusively in the carrying out of the Workprogram; and

(c) the Borrower reserves the right to:

(i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Workprogram, the operations thereof and any relevant records and documents;

(ii) obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operation and financial conditions of Workprogram; and

- (iii) suspend or terminate the right of any Province to use the proceeds of the Workprogram upon the failure by the respective Province to perform any of its obligations under the Workprogram Agreement.

## **SCHEDULE 5**

### **Performance Indicators**

#### **Access to Basic Education**

- Total primary enrollment will increase from about 900,000 students to about 1.28 million, which would increase the gross enrollment ratio from 42 percent in 2001 to 56 percent in 2005.
- Of the estimated 380,000 additional primary school students, 60% will be from the rural areas and 30% from the 20 Provinces with the lowest enrollment ratio.
- The share of girls in total enrollment will increase from 40% to about 42%.
- Total enrollment at first grade will increase from about 190,000 to about 270,000 which would increase the admission rate from 43 percent to 61 percent.
- Percentage of students completing primary education will increase from 58 to 67.
- About 200,000 auditors, of which 60% women, will be enrolled in the non-formal education programs, leading to a literacy rate increase from 22% to 32%.

#### **Quality of Basic Education**

- Completion and success rate of literacy programs will increase from 50% to 75%.
- The effective teaching hours will increase from 660 to 800 hours for primary school students and from about 200 to 300 hours for the auditors of the literacy programs.
- Repetition will be reduced from 18% to 15%, and the differential in school drop-outs between orphans and non-orphans will be reduced.
- A textbook ratio of two books per primary school student will be reached.
- At least 70% of children will read at an acceptable degree of fluency by the end of Grade 2.
- At least 80% of new adult literates who complete the post-literacy program will read, write, and do math at an acceptable degree of competency.

#### **Management of Basic Education**

- A total of at least 130 literacy programs will be delivered by NGOs (about 15 in year 1; 50 in year 2; and 65 in year 3).
- By 2003, MEBA will have a consolidated Medium Term budget and expenditure program, including external funds, highlighting expenditure categories and which is consistent with the Ten-Year Education Program.
- By 2004, organization of DAF, the Directorate of Research and Planning (DEP) and the

- By 2004, organization of DAF, the Directorate of Research and Planning (DEP) and the Human Resources Directorate (DRH) and their staffing, job descriptions, and division of labor with the decentralized units will be implemented in accordance with the Borrower's general plan for decentralization and the MEBA capacity building measures.
  - From 2004, all procurement and financial management will be carried out and managed by the DAF.
  - The Borrower's recurrent budget allocated to basic education will increase from about CFAF 26 billion to CFAF 38 billion (2000 exchange rate), while non-salary expenditures will increase from CFAF 7 billion to 11 billion.
  - The MEBA will convene an annual meeting with all financial partners on the state of education providing up to date progress on indicators and implementation, as well as identify emerging issues and plans for the following year.
- 