

**CREDIT NUMBER 3812 NIR**

**GRANT NUMBER H060 NIR**

# **Development Financing Agreement**

**(Basic Education Project)**

**between**

**REPUBLIC OF NIGER**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated July 24 , 2003**

**CREDIT NUMBER 3812 NIR**

**GRANT NUMBER H060 NIR**

**DEVELOPMENT FINANCING AGREEMENT**

AGREEMENT, dated July 24 2003, between REPUBLIC OF NIGER (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 (the Project), has requested the Association to assist in the financing of the Project;

(B) the Association has received a letter from the Borrower, dated May 27, 2003 describing a program designed to improve its basic education sector (the Program) and declaring the Borrower's commitment to the execution of such Program;

(C) the Borrower intends to obtain loans and grants from other donors (the Donors) equivalent to approximately eighty-five million US dollars (US\$85,000,000) to assist in financing the Project on the terms and conditions set forth in respective credit and grant agreements to be entered into between the Borrower and each donor (the Cofinancing Agreement and collectively, the Cofinancing Agreements); and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Credit and the Grant to the Borrower under 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), with the modifications set forth in Schedule 6 to this Agreement (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) "AIDS" means the Acquired Immune Deficiency Syndrome;
- (b) "AME" means *Association des mères éducatrices*, mothers' association established and operating pursuant to Law No. No. 98-12 of the Borrower, dated June 1<sup>st</sup>, 1998, to assist in the management of tutoring programs in primary schools within the territory of the Borrower;
- (c) "CAPED" means *Cellule d'animation pédagogique*, a teacher-training center within the territory of the Borrower;
- (d) "CECI" means the *Centre canadien d'étude et de coopération internationale*, a Canadian NGO (as hereafter defined) duly registered and operating within the territory of the Borrower Law No. 96-019 dated May 19, 1996;
- (e) "CNE" means *Conseil National de Coordination*", the Borrower's steering committee established pursuant to Law No. 98-12 of the Borrower, dated June 1<sup>st</sup>, 1998, as further described in paragraph 1 (b) of Schedule 4 to this Agreement;
- (f) "COGES" means *Comité de gestion scolaire*, a school management committee established and operating pursuant to Law No. 98-12, dated June 1<sup>st</sup>. 1998, of the Borrower, to assist in inter alia, the coordination of budgetary transfers for the implementation of the Project activities;
- (g) "CRE" means *Comité Régional de l'Education*, a Regional Education Committee, established pursuant to Law No. 98-12 of the Borrower, dated June 1<sup>st</sup>. 1998;
- (h) "CTC" means *Comité Technique de Coordination*, the Borrower's technical coordination committee, established pursuant to Law No. 98-12, dated June 1<sup>st</sup>. 1998 of the Borrower, as further described in paragraph 1 (c) of Schedule 4 to this Agreement;
- (i) "DGENF" means *Direction Générale d'Education Non Formelle*, the adult literacy directorate in the MOE (as hereafter defined);
- (j) "DIES" means *Direction des Infrastructures et des Equipements Scolaires*, the directorate in charge of procurement in MOE (as hereafter defined);
- (k) "DPS" means *Direction de la promotion de la scolarisation des filles*, the girls' education directorate in MOE (as hereafter defined);

(l) “DREB/A” means *Direction Regionale de l’Education de Base et de l’Alphabétisation*, a directorate responsible for the provision of education at the regional level;

(m) “DRFM” means *Direction des Ressources Financières et de Matériels*, the Directorate for Equipment and Finance in MOE (as hereafter defined), responsible for the management of finances under the Project;

(n) “EMF” means the environmental management framework dated February 28, 2003, satisfactory to the Association, describing measures for the mitigation of the environmental impact of the Project, as the same may be updated from time to time with the approval of the Association;

(o) “ENI” means *Ecole Normale d’Instituteurs*, the Borrower’s teacher training college;

(p) “ENS” means *Ecole Normale Supérieure*, the Borrower’s Higher Education training institute;

(q) “European Union”, means the European Union entering into force on November 1, 1993, under the Maastricht Treaty, adopting the Euro as its single currency, in accordance with the Treaty establishing the European Community, as amended by the Treaty on the European Union;

(r) “FCFA” means *Franc de la Communauté Financière Africaine*, the currency of the Borrower;

(s) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(t) “Fiscal year” and “FY” mean the fiscal year of the Borrower, starting January 1<sup>st</sup> and ending December 31<sup>st</sup> of end calendar year;

(u) “HIV” means the human immunodeficiency virus;

(v) “IEC” means information, education and communication campaigns;

(w) “Initial Deposit” means the deposit referred to in Section 3.03 (b) of this Agreement;

(x) “MOE” means *Ministère de l’ Education de Base I et de l’ Alphabétisation*, the Borrower’s Ministry of basic Education and literacy;

(y) “NGO” means a Non-Governmental Organization, established and operating within the territory of the Borrower;

(z) "Project Account" means the account referred to in Section 3.03 of this Agreement;

(aa) "Project Implementation Manual" or "PIM" means the Project Implementation Manual (*Manuel d'Execution du Projet*) referred to in Section 6.01 (a) of this Agreement setting forth, *inter alia*, procurement and disbursement procedures and other arrangements governing the implementation of the Project, including, a separate manual, administrative, financial and accounting procedures, as the same may be amended from time to time, and such term shall include any schedules, tables and annexes to the PIM;

(bb) "Project Preparation Facility" means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on August 1, 2002, and on behalf of the Borrower on September 16, 2002;

(cc) "RPF" means the resettlement policy framework dated February 28, 2003, agreed with the Association for the compensation of persons affected by the construction activities to be implemented under the Project;

(dd) "Sub-grant" means the financing to be provided under Parts A 3. (b); B 1. (e) (iii) and B 3. (v) of the Project;

(ee) "Special Account A" means the special deposit account opened for withdrawals from the proceeds of the Credit by the Borrower in respect of expenditures made under Part B 2. of the Project, and referred to in Section 2.02 (b) of this Agreement;

(ff) "Special Account B" means the special deposit account opened for withdrawals from the proceeds of the Grant by the Borrower in respect of expenditures made under Parts A, B 1., B 3., B 4., C. and D. of the Project, and referred to in Section 2.02 (b) of this Agreement; and

(gg) "Special Accounts" means Special Account A and B.

## ARTICLE II

### The Financing

Section 2.01. The Association agrees to:

(a) lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to four million one hundred thousand Special Drawing Rights (SDR 4,100,000) (the Credit).

(b) make available to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to seventeen million seven hundred thousand Special Drawing Rights (SDR 17,700,000) (the Grant).

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) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of works, goods, and services required for Part B 2. of the Project and to be financed out of the proceeds of the Credit portion of the Financing;
- (ii) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of works, goods and services required for Parts A, B with the exception of B 1.(e) (ii), 3. b (v) and 2.; C and D of the Project and to be financed out of the proceeds of the Grant portion of the Financing; and
- (iii) withdrawals made for a Sub-grant to be financed under Parts A 3. (b); B 1. (e) (iii) and B 3. (v) of the Project and to meet the reasonable cost of goods and services required for the carrying out of the activities to be financed under the Sub-grant and in respect of which the withdrawal from the Credit portion of the Financing is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in FCFA two special deposit accounts (Special Account A for the use of Credit funds and Special Account B for the use of Grant funds), and eight 90-Day Advance Accounts in the name of each DREB/A, all in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of each respective Special Account and each of the 90-Day Advance Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Facility 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, 2007, 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 commitment charges on the principal amount of the Credit and the Grant respectively not withdrawn from time to time at rates to be set by the Association as of June 30 of each year, such rates not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charges 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 respective Credit Account and Grant 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 charges 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 March 1<sup>st</sup>. and September 1<sup>st</sup>. 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 March 1<sup>st</sup>. and September 1<sup>st</sup>. commencing September 1<sup>st</sup> 2013 and ending March 1<sup>st</sup>. 2043. Each installment to and including the installment payable on March 1<sup>st</sup>. 2023 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 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 of the Credit to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the European Union 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 MOE with due diligence and efficiency and in conformity with appropriate administrative, business, financial, and educational practices, and with due regard to environmental and technical considerations, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

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

Section 3.03. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Association shall otherwise agree, the Borrower shall:

(a) open and maintain in FCFA, until the completion of the Project, a Project Account, in a commercial bank, under terms and conditions satisfactory to the Association;

(b) promptly thereafter make an Initial Deposit into the Project Account in an amount of FCFA thirty millions (FCFA 30,000,000) to finance the Borrower's initial contributions to the expenditures under the Project;

(c) thereafter deposit into the Project Account, on a semi-annual basis, such amounts as are estimated to be required for the ensuing six-month period, as agreed upon with the Association; and

(d) ensure that the funds deposited into the Project Account in accordance with sub-paragraphs (b) and (c) of this Section shall be used exclusively to finance the Borrower's contribution to the expenditures under the Project which are not otherwise financed out of the proceeds of the Financing.

## ARTICLE IV

### Financial Covenants

Section 4.01. (a) The Borrower shall establish and maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for both Special Accounts and the 90-day Advance Accounts for each Fiscal Year audited, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited; and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate 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 Financing Accounts was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

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

Section 4.02. (a) Without limitation upon the Borrower's progress reporting obligations pursuant to paragraph 6 of Schedule 4 to this Agreement, the Borrower shall prepare and furnish to the Association a Financial Monitoring Report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Financing, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Remedies of the Association**

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

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

(b) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the respective Cofinancing 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 Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

## ARTICLE VI

### Effective Date; Termination

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

The Borrower has:

(a) adopted and furnished to the Association, in a form and substance acceptable to the Association: (i) the PIM; (ii) a budgeted annual work program and procurement plan for the first year of Project implementation;

(b) transferred the Initial Deposit into the Project Account;

(c) appointed the independent auditors referred to in Section 4.01 (b) of this Agreement in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(d) contracted the specialists referred to in paragraph 1 (d) of Schedule 4 to this Agreement, in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(e) nominated the technical service heads of MOE at both the central and regional government levels referred to in paragraph 1 (e) of Schedule 4 to this Agreement;

(f) established a computerized accounting and financial management system in DRFM for purposes of the Project in form and substance acceptable to the Association; and

(g) entered into a service contract with CECI in a form and substance acceptable to the Association.

Section 6.02. The date one hundred and twenty (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 in charge of 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:

Minister of Finance and Economy  
Ministry of Finance and Economy  
BP 389  
Niamey  
Republic of Niger

Facsimile:

(227) 73 59 34

For the Association:

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

Cable address:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI)  
64145 (MCI)

(202) 477 6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF NIGER

By /s/ H.E. Joseph Diatta

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Antoinette M. Sayeh

Authorized Representative

**SCHEDULE 1**

**Withdrawal of the Proceeds of the Financing**

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Financing, the allocation of the amounts of the Financing to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil works		3,250,000	100% of foreign expenditures and 80% of local expenditures
(2) Goods		3,200,000	100% of foreign expenditures and 80% of local expenditures
(3) Text Books	4,100,000		100% of foreign expenditures and 80% of local expenditures
(4) Consultants' services and audit fees		1,600,000	85% for foreign expenditures and 80% of local expenditures
(5) Training		2,400,000	100% of expenditures



(6) Sub-grants		
(a) Part A 3. (b) of the Project	2,000,000	100 % of amounts disbursed
(b) Part B 3. (b) (v) of the Project	700,000	100 % of amounts disbursed
(c) Part B 1. (e) (iii) of the Project	550,000	100 % of amounts disbursed
(7) Operating Costs	1,850,000	90%
(8) Refunding of Project Preparation Advance	400,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(9) Unallocated	1,750,000	
TOTAL	<u>4,100,000</u>	<u>17,700,000</u>

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, works 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, works 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 goods or 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 expenses incurred by MOE on account of office supplies, administrative support, communication and utility services, travel and supervision costs, Special Account banking charges, and salaries of contractual staff, 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 respect of payments made for:

(a) expenditures prior to the date of this Agreement, and

(b) payments under Category (6) of the table set forth under paragraph 1 of this Schedule 1, unless a manual with performance indicators, in form and substance acceptable to the Association, has been approved by the Borrower and furnished to the Association, including procedures set forth in paragraph 7 of Schedule 4 to this Agreement.

4. The Association may require withdrawals from the Credit Account and the Grant Account to be made on the basis of statements of expenditure for expenditures for: (a) works under contracts costing less than \$300,000 equivalent each; (b) goods under contracts costing less than \$200,000 equivalent each; (c) services of consulting firms under contracts costing less than \$100,000 equivalent each; (d) services of individual consultants under contracts costing less than \$50,000 equivalent each; (e) operating costs; (f) training; and (g) Sub-grants, under such terms and conditions as the Association shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower to: (a) increase the enrollment and completion rates of students in its basic education programs; and (b) strengthening the administrative and managerial capacities of MOE, deconcentrated ministerial branches, and local civil society groups engaged in the basic education sector.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: Improving Access to Primary Education

##### 1. Supporting the Primary School Construction Program

Construction of about 350 cement classrooms and 650 improved mud-and-thatch classrooms in the rural areas of the Borrower's territory, and the acquisition of school equipment.

##### 2. Improving Girls' School Enrollment

(a) Increasing the enrollment of girls in primary education through, inter alia:

(i) IEC;

(ii) strengthening of the role of local leadership and NGOs in the promotion of education for girls; and

(iii) carrying out special programs to encourage school enrollment by girls, including the establishing performance award programs;

(b) Implementation and assessment of the effectiveness of approximately ten selected local plans to improve girl's school enrollment;

(c) Development and implementation of tutoring programs for poorly performing girls in selected schools;

(d) Identification of the Borrower's geographical schooling demand and supply requirements; and

(e) Strengthening the administrative, planning and monitoring capacities of DPS to improve Program execution and supervision;

all through the provision of technical advisory services and training.

3. Expanding Adult Literacy

(a) Provision of technical advisory services, training and equipment required to:

- (i) design and carry out adult literacy programs for youth and women in four selected administrative regions within the territory of the Borrower;
- (ii) design and establish a national literacy fund for the sustainable execution of a national literacy program;
- (iii) strengthen the administrative, planning and monitoring capacity of DGENF; and

(b) provision of Sub-grants to carry out literacy programs to youth and women in four selected regions within the territory of the Borrower and to fund the national literacy fund referred to in subparagraph (a) (ii) of this paragraph.

Part B: Improving Quality and Efficiency of Primary and Lower Secondary Education

1. Improving Pre-service and In-service Teacher Training in Primary Education

(a) Provision of training by ENIs to approximately 3,000 teachers, and by ENS to 40 education inspectors and 40 basic education advisors annually;

(b) Provision of in-service training to selected teachers through:

- (i) the school director;
- (ii) CAPED; and
- (iii) the education advisor;

(c) Renovation of existing teacher training facilities;

(d) Provision of didactical training to selected teachers; and

(e) (i) Provision of technical advisory services for CAPED to carry out monitoring and evaluation services; and

- (ii) acquisition of reference materials to CAPED and
- (iii) provision of Sub-grants to CAPED to finance annual work programs.

2. Improving Pedagogical Tool Availability at Primary and Lower Secondary Levels

- (a) Acquisition and distribution of:
  - (i) class books and pedagogic materials for all elementary classes;
  - (ii) grammar textbooks for grades 3, 4, 5 and 6;
  - (iii) exercise books in mathematics for grades 1 and 2; and
  - (iv) teacher guides for primary schools.
- (b) Acquisition and distribution of reference books for the libraries of elementary schools;
- (c) Acquisition and distribution of books for the alternative rural schools to be used in the reader corners;
- (d) Establishment of a computerized textbook distribution and stock management system, through the provision of technical advisory services; and
- (e)
  - (i) Improving the planning and management capacities of selected staff in COGES, and
  - (ii) of selected MOE staff to effectively manage textbook distribution and management, through the provision of training.

3. Innovative Targeted Learning Programs

- (a) Development and implementation of a rural school model tailored for isolated small rural communities with one-to-three classroom schools, in selected locations in the territory of the Borrower, through the provision of technical advisory services and training.
- (b) Tutoring Programs
  - (i) Design and implementation of a student tutoring program in approximately 540 primary schools in three selected

administrative regions of the Borrower, through the provision of technical advisory services;

- (ii) Design and implementation of an awards program for both students providing tutorial services to fellow students and the students whose performance has improved from such tutoring;
- (iii) Carrying out of vacation-course repeat classes in selected subjects for selected students, through the provision of advisory services and training;
- (iv) Provision of planning, administration and financial management training to selected AMEs for the implementation of local student tutoring action plans; and
- (v) Provision of Sub-grants to AMEs in selected schools to carry out income-earning activities supporting the tutoring of girl students.

4. Institutionalizing the Evaluation of Learning Outcomes

Design and implementation in selected locations of an institutionalized learning-evaluation system for primary school results, and subsequent dissemination of the results of such evaluation for future use through out the territory of the Borrower, through the provision of technical advisory services, training and workshops, and twining arrangements with international training institutions.

Part C: Strengthening Management Capacity at MOE and Empowerment of Local Communities

1. Provision of technical advisory services to selected staff of MOE for, inter alia,

(a) the development of an organigram outlining the distribution of responsibilities between central and regional departments of MOE; and

(b) identification of existing staffing requirements and development of a redeployment plan.

2. Provision to MOE of:

(a) training to selected staff to improve their administrative, oversight and leadership skills, and career planning; and

(b) technical advisory services for the establishment of a personnel information system.

3. (a) Strengthening of the human resource management, financial management, administrative, planning, and monitoring and evaluation capacities of selected MOE staff at central and regional levels through the provision of technical advisory services, training and workshops;
- (b) Design and implementation of an education management information system for MOE, through the provision of technical advisory services and training; and
- (c) Development of a HIV/AIDS awareness and avoidance action plan for MOE staff, teachers, parents and students, through the provision of advisory services.

4. Strengthening COGES management capacities

Provision of technical advisory services and training of selected COGES in human resources and financial management, planning, and monitoring and evaluation.

Part D: Preparation of the Second Part of the Ten-Year Development Program

Carrying out of studies to prepare the second phase of the Borrower's ten-year educational development plan, including inter alia studies on:

- (a) a sustainable framework for expanding access to secondary and tertiary education;
  - (b) secondary school teacher training requirements;
  - (c) the stabilization of the professional development of contractual teachers;
- and
- (d) public-private partnerships to stimulate the private offering of lower secondary school education in urban areas,
- all through the provision of technical advisory services.

\* \* \*

The Project is expected to be completed by June 30, 2007.

### **SCHEDULE 3**

#### **Procurement**

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

###### Part A: General

Goods and works shall be procured in accordance with 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 the following provisions of Section I of this Schedule.

###### Part B: International Competitive Bidding

1. Except as otherwise provided in Part C. of this Section, goods and works 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 provision shall apply to goods and works 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 \$200,000 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

(a) Goods estimated to cost more than \$20,000 equivalent per contract, but less than \$200,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of Paragraphs 3.3 and 3.4 of the Guidelines.

(b) Works estimated to cost more than \$10,000 equivalent per contract, but less than \$300,000 equivalent per contract, may be procured in accordance with the provisions of Paragraphs 3.3 and 3.4 of the Guidelines.



2. National Shopping

Goods estimated to cost less than \$20,000 equivalent per contract, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of Paragraphs 3.5 and 3.6 of the Guidelines.

3. Direct Contracting

Spare parts and specialized equipment of a proprietary nature, estimated to cost less than \$10,000 equivalent per contract, 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 required for Part A. of the Project shall, pursuant to paragraph 3.15 of the Guidelines, be procured in accordance with procedures acceptable to the Association as set forth in the PIM.

5. Procurement of Small Works

Works estimated to cost less than \$10,000 equivalent per contract, 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 Association of Procurement Decisions

1. Procurement Planning

The proposed procurement plan for the Project shall be furnished to the Association annually 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) the first three contracts for goods procured under National Competitive Bidding procedures, and thereafter each contract for goods estimated to cost the

equivalent of \$200,000 or more, the procedures set forth in Paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) each contract for works estimated to cost the equivalent of \$300,000 or more, 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

Consultants' services shall be procured in accordance with the provisions of Sections I and 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, January 1999 and May 2002 (the Consultant Guidelines), Paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Section.

### 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, and the provisions of Paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provision 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 \$200,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of Paragraph 2.7 and footnote 8 of the Consultant Guidelines.

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

#### 1. Least-cost Selection

Services for financial audits estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of Paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services including research and training estimated to cost less than \$100,000 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.

3. Single Source Selection

(a) Services estimated to cost less than \$50,000 equivalent per contract, and (b) services rendered under the alphabetization program, up to an aggregate amount of \$4,200,000 equivalent, 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.

4. Individual Consultants

Services of individual consultants for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of Paragraphs 5.1 through 5.4 of the Consultant Guidelines.

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

1. Selection Planning

The procurement plan shall be updated annually during the execution of the Project, and each such updating shall be furnished to the Association for its review and approval. Selection of all consultants' services shall be undertaken in accordance with such procurement plan (as updated from time to time) as shall have been approved by the Association.

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 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants to be selected on a sole-source basis, or estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, 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. The provisions of Paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

(c) Foreign training programs must be submitted for the prior review and approval of the Association.

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. Project Management:

(a) The Borrower shall carry out the Project in accordance with the PIM and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the PIM, which, in the opinion of the Association, may materially and adversely affect the implementation of the Project or the achievement of the objectives thereof.

(b) The Borrower shall maintain the *Conseil National d'Education*, during Project implementation in a form and with functions and resources that are satisfactory to the Association. *The Conseil National d'Education* shall be:

- (i) headed by the Minister in charge of Education and shall have the following membership: The Ministers responsible for Higher Education, Social Development, Interior and Decentralization, Economy and Finance, Communications, Labor and Civil Service, Youth and Sport, Health, the General Health Secretary of the Ministry in charge of basic education; the General Secretary of the Ministry in charge of higher education, the heads of the CRE, the advisers on social affairs to the President's and Prime Minister's cabinet, respectively, and two representatives each from the teachers union, parents' associations, NGOs and donors engaged in the education sector; and
- (ii) inter alia, responsible (A) participating in the design of the national educational policies; and (B) monitoring the supervision of the national educational policies; and (C) overseeing the implementation of the Program and approval of annual work programs and budgets.

(c) The Borrower shall establish and maintain thereafter the *Comité Technique de Coordination* throughout Project implementation at the Ministry in charge of education, and establish, at a date prior to the Midterm Review, a similar *Comité* at the Ministry in charge of secondary and higher education, in a form and with functions and resources that are satisfactory to the Association. *The Comité Technique de Coordination* shall be:

- (i) headed by the respective Minister, and shall have the following members: the General Secretary of the Ministry, the Director of

the financial resources and equipment; the Director of human resources; the Director for studies and planning; the responsible for the monitoring and evaluation unit of the Program; the national coordinators of sub-programs and the representative of the Ministry in charge of Finance; and

- (ii) inter alia, responsible for resolving implementation issues that relate to their respective ministries, including but not limited to the control of coherence of action programs and other activities in the education sector with sector policy guidelines and the Program, approval of annual action plans; supervise action plan execution, propose corrective measures where required, mediate conflicts relating to program implementation and promote the education of girls and school health programs.

(d) The Borrower shall contract, in accordance with the provision of Section II of Schedule 3 to this Agreement and maintain throughout Project implementation, one procurement specialist, eight accountants and four financial controllers in DRFM and eight civil engineers in DIES, with qualifications and experience satisfactory to the Association.

(e) The Borrower shall nominate the following Directors, with qualifications and experience acceptable to the Association in MOE, and maintain personnel with said qualifications in such positions throughout Project implementation:

- (1) The Manager in charge of carrying out, coordinating and supervising this Project;
- (2) The three general Directors:
  - (a) le Directeur général de l'Enseignement de Base 1
  - (b) le Directeur général de l'Education Non Formelle
  - (c) le Directeur général de l'Administration et des Ressources
- (3) The thirteen central Directors:
  - (a) at the Direction générale de l'Enseignement de Base 1
    - (i) le Directeur des Curricula et de Innovations Pédagogiques

- (ii) le Directeur de la Formation Initiale et Continue
  - (iii) le Directeur de l'Evaluation, des Examens et Concours
  - (iv) le Directeur de la Promotion de la Scolarisation
  - (v) le Directeur de l'Enseignement Arabe
- (b) at the Direction générale de l'Education Non Formelle:
- (vi) le Directeur des Programmes d'Alphabétisation et de Formation des Adultes
  - (vii) le Directeur de la Formation du Suivi et de l'Evaluation
  - (viii) le Directeur de la Documentation et du Matériel Pédagogique
- (c) at the Direction générale de l'Administration et des Ressources:
- (ix) le Directeur des Ressources Financières et Matérielles
  - (x) le Directeur des Ressources Humaines
  - (xi) le Directeur des Infrastructures et des Equipements Scolaires
  - (xii) le Directeur des Etudes et de la Programmation
  - (xiii) le Directeur de la Législation
- (4) The eight regional Directors.

2. Safeguard Policies:

The Borrower shall ensure that the Project is implemented in accordance with the provisions of the Environmental Framework and RPF, and except as the Association shall otherwise agree, shall not amend or waive any provisions of the said frameworks, if such amendment or waiver may, in the opinion of the Association materially or adversely affect the implementation of the Project.

3. Project Implementation:

(a) Part A of the Project: Improving Access to Primary Education

- (i) Primary school construction activities under Part A 1. of the Project will be carried out at the regional level. To this end, DREB/A shall be responsible for the development and implementation of the annual regional school construction programs.
- (ii) DPS shall be responsible for the coordination of the activities relating to the education of girls under Part A 2. of the Project, and to this end, shall receive capacity enhancement training under Part A 2. (e) of the Project.
- (iii) The Borrower shall enter into the service contract referred to in Section 6.01 (g) of this Agreement and shall cause CECI to implement the adult literacy program under Part A 3. of the Project in accordance with the terms and conditions of such contract.

(b) Part B of the Project: Improvements in Quality and Efficiency of Primary and Lower Secondary Education

- (i) The Borrower shall ensure that AMEs are established and receive the requisite training under Part B 3. (iv) for purposes of facilitating their role in the management student tutoring programs and of sub-grants for the implementation of local student tutoring action plans under Part B 3. (b) (v) of the Project.
- (ii) DREB/A shall be responsible for approving the annual work programs submitted by the CAPEDs, and shall ensure that the Sub-grants provided under Part B 1. (e) (iii) and B 3. (b) (v) of the Project are used for the implementation of such programs.



4. Studies under Part D of the Project:

The Borrower shall:

(a) prepare the study of a sustainable framework for the expansion of access to secondary and tertiary education within the Borrower's territory under Part D (a) of the Project by the time of the Midterm Review;

(b) carry out an assessment of its secondary school teacher training requirements under Part D (b) of the Project by the time of the Midterm Review;

(c) carry out a study on the development of contractual teachers under Part D (c) of the Project by December 31, 2004; and

(d) carry out a study on the effective use of public-private partnerships in the provision of lower secondary school education in its urban areas under Part D (d) of the Project by the time of the Midterm Review.

5. Annual Technical Audits:

Without limitation to the provisions of Section 4.02 of this Agreement, the Borrower shall ensure that:

(i) an annual technical audit of procurement under the Project is carried out and submit for the review of the Association a report by June 30 until the Completion Date for the first time in June 2005; and

(ii) three audits of the construction and infrastructure works are carried out, the first by December 31, 2004, the second at the time of the Midterm Review and the third before the Closing Date of the Project.

6. Reporting:

(a) Semi-annual progress reports:

The Borrower shall:

(i) maintain policies and procedures adequate to enable it to monitor and evaluate, on an ongoing basis, in accordance with the indicators set forth in the Project Implementation Manual and summarized in Schedule 7 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

- (ii) without limitation to the obligations set forth in Section 4.02 of this Agreement, submit to the Association, no later than two months after the end of each school semester, until Completion Date for the first time at the end of the first semester of the 2003/04 school year, a progress report reviewing the progress in Project implementation during the preceding six months, having regard to the monitoring indicators referred to in subparagraph (a) of this paragraph, in such detail as the Association shall reasonably request; and
- (iii) following the submission of each semi-annual report, act promptly and diligently to take any corrective action agreed with the Association to remedy any shortcomings identified in Project implementation, in furtherance of the objectives of the Project.

(b) Midterm Review:

The Borrower shall:

- (i) carry out, jointly with CNE, CTC, representatives of CREs and the Association, on November 15, 2005, a comprehensive review (Midterm Review) having regard to the monitoring indicators referred to in (a) (i) of this paragraph, aimed at reviewing the progress towards meeting the Project objectives, and identifying and resolving obstacles to effective Project implementation;
- (ii) in conjunction with CTC, and not later than four weeks prior to the review referred to in (b) (i) of this paragraph, furnish to the Association a midterm report, in such detail as the Association shall reasonably request, including an evaluation of the progress achieved to date in Project implementation; and
- (c) promptly after completing the Midterm Review, take all measures required to fulfill the recommendations arising out of said review, with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

7. Sub-grants

Eligibility Criteria for Sub-grants under Parts A 3. (b); B 1. (e) (iii) and 3. (b) (v) of the Project

(a) In the case of Part A 3. (b), the Borrower shall enter into an agreement with the local NGOs in respect to each Sub-grant for an annual literacy delivery program, under terms and conditions set forth in the manual referred to in subparagraph (a) of this paragraph 7 and which shall include, inter alia, the following:

- (i) The obligation of the NGO to carry out the annual literacy delivery program with due diligence and efficiency and in accordance with sound didactical standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Sub-grant;
- (ii) The requirement that the services to be financed from the proceeds of the Credit shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement and used exclusively in the carrying out of the respective annual literacy delivery program financed under the Sub-grant; and
- (iii) The covenant that Borrower reserves the right to:
  - (A) Inspect by itself, or jointly with the Association, if the Association shall so request, the activities financed or undertaken pursuant to the Sub-grant and any relevant records and documents;
  - (B) Obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operation and financial conditions of the NGO; and
  - (C) Suspend or terminate the right of the respective NGO to use the proceeds of the Grant to perform any of its obligations under the annual action plan in case of a breach of the regulations set forth in the manual referred to in subparagraph (a) of this paragraph 7.

(b) Sub-grants shall be activities related to the implementation of the Program, carried out by and for Beneficiaries in accordance with the eligibility criteria, procedures and guidelines set forth in the Sub-grant manual, and the Borrower undertakes that, unless the Association shall otherwise agree, Sub-grants shall be elaborated, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in said manual.

(c) In the case of Part B 1. (e) (iii) the Borrower and CAPED shall enter into an agreement in respect to each Sub-grant for each annual work program, under terms and conditions set forth in the manual referred to in subparagraph (a) of this paragraph 7 and which shall include, inter alia, the following:

- (i) The obligation of CAPED to carry out the annual work program with due diligence and efficiency and in accordance with sound technical, financial, and educational standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Sub-grant;
- (ii) The requirement that the goods, works and services to be financed from the proceeds of the Credit shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement and used exclusively in the carrying out of the respective annual work program financed under the Sub-grant; and
- (iii) The covenant that Borrower reserves the right to:
  - (A) Inspect by itself, or jointly with the Association, if the Association shall so request, the goods and activities financed or undertaken pursuant to the Sub-grant and any relevant records and documents;
  - (B) Obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operation and financial conditions of the CAPED; and
  - (C) Suspend or terminate the right of CAPED to use the proceeds of the Grant to perform any of its obligations under the annual work program in case of a breach of the regulations set forth in the manual referred to in subparagraph (a) of this paragraph 7.

(d) In the case of Part B 3. (b) (v) the Borrower, through DREB/A, shall enter into an agreement with the AME in respect to each Sub-grant for each annual action plan to finance income-earning activities, such as: vegetable growing, raising of small animals, trading, food refinement and preparation, all with the objective to furnish revenues for the financing of girl student tutoring, under terms and conditions set forth in

the manual referred to in subparagraph (a) of this paragraph 7 and which shall include, inter alia, the following:

- (i) The obligation of the AME to carry out the annual action plan with due diligence and efficiency and in accordance with sound technical, financial, and commercial standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Sub-grant;
- (ii) The requirement that the goods, works and services to be financed from the proceeds of the Credit shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement and used exclusively in the carrying out of the respective annual action plan financed under the Sub-grant; and
- (iii) The covenant that Borrower reserves the right to:
  - (A) Inspect by itself, through the respective DREB/A or jointly with the Association, if the Association shall so request, the goods, and works and services financed or undertaken pursuant to the Sub-grant and any relevant records and documents;
  - (B) Obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operation and financial conditions of the AME; and
  - (C) Suspend or terminate the right of the respective AME to use the proceeds of the Grant to perform any of its obligations under the annual action plan in case of a breach of the regulations set forth in the manual referred to in subparagraph (a) of this paragraph 7.

## **SCHEDULE 5**

### **SPECIAL ACCOUNTS**

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means for Special Account A, category (3), and for Special Account B, categories (1), (2), (4), (5), (6) and (7), as set forth in the table in Schedule 1 to this Agreement;

(b) the term “eligible expenditures” means expenditures 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 Financing 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 with respect to:

- (i) Special Account A, an amount equivalent to FCFA 400,000,000 to be withdrawn from the Credit Account or the Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to FCFA 200,000,000, provided however that until the aggregate amount of withdrawals from the Credit Account and the Grant Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 2,000,000 (two million SDR); and
- (ii) Special Account B, an amount equivalent to FCFA 1,000,000,000 be withdrawn from the Credit Account or the Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to FCFA 500,000,000, provided however that until the aggregate amount of withdrawals from the Credit Account and the Grant Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 8,000,000 (eight million SDR).

2. Payments out of the respective 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 respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective 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 deposit into the respective Special Account of an amount or amounts, 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 or the Grant Account and deposit into the respective Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposits into the respective 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 or the Grant Account and deposit into the respective 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 respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account or the Grant 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 respective Special Account, and the 90-day Advance Accounts, 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 any 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 or Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) 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 the records and accounts for the Special Accounts and any of the 90-day Advance Accounts;

(c) 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 and the Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit and the Grant allocated to the eligible Categories for the respective Special Account, minus the total amount of all outstanding special commitments 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 and the Grant Account of the remaining unwithdrawn amount of the Credit and the Grant 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 and any of the 90-day Advance Accounts 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 any Special Account and any of the 90-day Advance Accounts: (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 any 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 any Special Account and any of the 90-day Advance Accounts 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 Accounts and any of 90-day Advance Accounts.

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

7. 90-Day Advance Accounts:

(a) The Borrower shall cause the respective DREB/A to withdraw from the Special Account and deposit into each 90-Day Advance Account sufficient funds to facilitate the implementation of the Project, provided that the respective DREB/A shall at no time cause the amount held in any 90-Day Advance Account to exceed FCFA 50,000,000 each.

(b) Payments out of the 90-Day Advance Accounts shall only be made for eligible expenditures in respect of Categories (1), (2), (4) (5) and (6) set forth in the table in Schedule 1 to this Agreement.

(c) Any withdrawal from any 90-Day Advance Account shall be justified by the same documentation and other evidence regarding eligible expenditures provided for under paragraph 3 of this Schedule.

(d) If the Association or the Bank shall have determined at any time that any amount outstanding in any 90-Day Advance Account will not be required to cover further payments for eligible expenditures, the respective DREB/A shall, promptly upon notice from the Association or the Borrower, refund to the Special Account such outstanding amount.

## SCHEDULE 6

### Modifications of the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Section 1.01 is amended to read:

“These General Conditions set forth certain terms and conditions generally applicable to development financing granted by the Association as a development credit and development grant to its members. They apply to any development financing agreement providing for any such development finance to the extent and subject to any modifications set forth in such agreement.”

2. Paragraph 8 of Section 2.01 is amended to read as follows:

“8. “Development Financing Agreement” means the particular Development Financing Agreement to which these General Conditions apply, as such agreement may be amended from time to time. Development Financing Agreement includes these General Conditions as applied thereto, and all schedules and agreements supplemental to the Development Financing Agreement.”

3. The following new paragraphs are added to Section 2.01:

“15. “Grant” means the development grant provided for in the Development Financing Agreement.”;

“16. “Grant Account” means the account opened by the Association on its books in the name of the Borrower to which the amount of the Grant is credited.”;

“17. “Financing” means, collectively, the Credit and the Grant.”;

“18. “Financing Accounts” means, collectively, the Credit Account and the Grant Account (or, where the context so requires, either of the Credit Account or the Grant Account).”

4. The term “Credit”, wherever used in the following Articles and Sections of the General Conditions, is amended to read “Financing”: Sections 2.01 (3), 2.01 (12), 4.01, Article V, Article VI (excluding Section 6.05), Section 7.01 (d), Article VIII, and Article IX.

5. The term “Credit Account”, wherever used in the following Articles and Sections of the General Conditions, is amended to read “Financing Accounts”: Section 2.01 (6), 4.01, Article V, Article VI, and Section 12.03.

6. The term “Development Credit Agreement”, wherever used in the General Conditions, is amended to read the Development Financing Agreement.

7. Section 3.01 is modified to read as follows:

“Section 3.01. *Financing Accounts.* The amount of the Credit shall be credited to the Credit Account and may be withdrawn from the Credit Account by the Borrower as provided in the Development Financing Agreement and in these General Conditions. The amount of the Grant shall be credited to the Grant Account and may be withdrawn from the Grant Account by the Borrower as provided in the Development Financing Agreement and in these General Conditions.”

8. The phrase “(including any development financing agreement or development grant agreement)” is added to Section 6.02 (a) (ii) after the words “any development credit agreement” and before the words “between the Borrower and the Association”, to Section 6.02 (c) (i) after the words “any development credit agreement” and before the words “with the Association”, and to Section 7.01 (b) (i) after the words “any other development credit agreement” and before the words “between the Borrower and the Association”:

9. Section 6.05 is amended to read as follows:

“Except as the Borrower and the Association shall otherwise agree, any cancellation of any amount of the Credit shall be applied pro rata to the several installments of the principal amount of the Credit maturing after the date of such cancellation.”

**SCHEDULE 7**

**Monitoring Indicators**

**SCHEDULE 7 -- MONITORING INDICATORS**

	2002 (base)	2004	2005 (MTR)	2006	2007 (EOP)
Primary school enrollment rate in rural areas	<b>38%</b>	<b>46%</b>	<b>50%</b>	<b>54%</b>	<b>59%</b>
Percentage of age group completing primary education	<b>25.6% IN</b>	<b>34%</b>	<b>37%</b>	<b>41%</b>	<b>44%</b>
Percentage of grade 4 students achieving satisfactory scores for French	<b>42%</b>	<b>44%</b>	<b>47%</b>	<b>49%</b>	<b>50%</b>
Percentage of grade 4 students achieving satisfactory scores for mathematics	<b>55%</b>	<b>56%</b>	<b>58%</b>	<b>59%</b>	<b>60%</b>
Girls' share in primary enrollment	<b>39.8%</b>	<b>41%</b>	<b>42%</b>	<b>43%</b>	<b>43%</b>
Cumulative number of contractual teachers	<b>7,774</b>	<b>13,100</b>	<b>16,000</b>	<b>19,500</b>	<b>23,000</b>
Number of days of in-service training received by each teacher per year	<b>3</b>	<b>7</b>	<b>9</b>	<b>10</b>	<b>11</b>
Textbook per student ratio in primary schools	<b>1/3</b>	<b>1/2</b>	<b>1/1</b>	<b>1/1</b>	<b>1/1</b>
Cumulative number of adults and youth benefiting from literacy / % of women	<b>17,500/ 65%</b>	<b>51,000/ 65%</b>	<b>650,000/ 65%</b>	<b>83,000 65%</b>	<b>106,000 65%</b>
Number of Alternative Rural Schools piloted	<b>0</b>	<b>0</b>	<b>150</b>	<b>250</b>	<b>250</b>
Number of functioning school management committees.	<b>240</b>	<b>1,000</b>	<b>2,000</b>	<b>30,000</b>	<b>4,000</b>
Number of functioning school committees receiving and managing transferred funds	<b>240</b>	<b>700</b>	<b>1,200</b>	<b>1,600</b>	<b>2,000</b>
Percentage of primary education expenditures (not counting civil service salaries) allocated and managed at	<b>66%</b>	<b>74%</b>	<b>83%</b>	<b>88%</b>	<b>90%</b>

decentralized level					
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