

CONFORMED COPY

CREDIT NUMBER 3383 IVC

Project Agreement

(Distance Learning Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

DISTANCE LEARNING CENTER

Dated April 26, 2002

CREDIT NUMBER 3383 IVC

PROJECT AGREEMENT

AGREEMENT, dated April 26, 2002 between the INTERNATIONAL

DEVELOPMENT ASSOCIATION (the Association) and DISTANCE LEARNING CENTER
OF COTE D'IVOIRE ("DLC-CI").

WHEREAS (A) by the Development Credit Agreement of even date herewith between Republic of Côte d'Ivoire (the Borrower) and the Association, the Association has agreed to lend to the Borrower an amount in various currencies equivalent to one million five hundred thousand Special Drawing Rights (SDR 1,500,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that DLC-CI agree to undertake such obligations toward the Association as are set forth in this Agreement; and

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

WHEREAS DLC-CI, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

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

ARTICLE II

Execution of the Project

Section 2.01. (a) DLC-CI declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, educational, literacy and technical practices, and shall provide, or cause to be provided,

financial, educational, literacy and technical practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

Section 2.02. Except as the Association shall otherwise agree, consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

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

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

- (i) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Association and DLC-CI, a plan for the future operation of the Project; and
- (ii) afford the Association a reasonable opportunity to exchange views with DLC-CI on said plan.

Section 2.04. DLC-CI shall duly perform all its obligations under the Subsidiary Agreement. Except as the Association shall otherwise agree, DLC-CI shall not take or concur in any action which would have the effect of assigning, amending, abrogating or waiving the Subsidiary Agreement or any provision thereof.

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

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

ARTICLE III

Management and Operations of DLC-CI

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

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

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

ARTICLE IV

Financial Covenants

Section 4.01. (a) DLC-CI shall maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with accounting standards acceptable to the Association, consistently adequate to reflect, in accordance with sound accounting practices, its operations and financial condition, and to register separately the operations, resources and expenditures related to the Project.

- (b) DLC-CI shall:
- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year, including those for the Project Account, 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 its financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements 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 said records, accounts and financial statements as well as the audit thereof, as

records, accounts and financial statements as well as the audit thereof, as

the Association shall from time to time reasonably request.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, DLC-CI shall carry out a time-bound action plan acceptable to the Association for the strengthening of its financial system for the Project in order to enable DLC-CI, not later than twelve (12) months after the Effectiveness Date, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association. Each such report shall:

- (i) set forth actual sources and application of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and application of funds for the Project for the six-month period following the period covered by said report, and show separately 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) describe physical progress in Project implementation, both cumulatively and for the period covered by said report, and explain variances between the actual and previously forecast implementation targets; and
- (iii) set 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 completion of the action plan referred to in paragraph (a) of this Section, DLC-CI shall prepare in accordance with guidelines acceptable to the Association, and furnish to the Association, not later than 45 days after the end of each calendar quarter, a Project management report for such period.

ARTICLE V

Effective Date; Termination

Cancellation and Suspension

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

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

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

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

(b) If the Development Credit Agreement terminates before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify DLC-CI of this event.

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

ARTICLE VI

Miscellaneous Provisions

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

For the Association:

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

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477 6391

For DLC-CI:

DLC-CI
Boulevard Latrille Deux Plateaux
Abidjan
Republic of Côte d'Ivoire

Facsimile:
(225) 44 56 66

Section 6.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of DLC-CI or by DLC-CI on behalf

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

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

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo

Regional Vice President
Africa

DISTANCE LEARNING CENTER

By /s/ Pascal Kokora

Authorized Representative

SCHEDULE

Implementation Program

1. DLC-CI shall:
 - (a) maintain policies and procedures adequate to enable it to monitor and evaluate

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, 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, at the latest on September 30 of each year, 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 and the achievement of the objectives thereof; and

(c) review with the Association, by October 30 of each year, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

2. (a) DLC-CI shall be governed by a Board comprising eight representatives. The chairman of the Board shall be elected by members of the Board. The Board shall be responsible for: (i) overseeing Project implementation; (ii) monitoring of DLC-CI's management; (iii) deciding on DLC-CI's development policy; and (iv) approving the annual Business Plan and DLC-CI's program of activities.

(b) The day-to-day management of DLC-CI's operations shall be assigned to a Director with terms of reference, qualifications and experience satisfactory to the Association, appointed on terms and conditions satisfactory to the Association. The Director shall be assisted by a team of suitably qualified and experienced staff consisting of a technician (computer specialist with telecommunications skills), a facilitator/trainer, an accountant/financial officer and an office assistant.

(c) DLC-CI shall prepare a business plan (the Business Plan), in form and substance satisfactory to the Association, which shall set out in such detail as the Association shall reasonably request market data, budget and sources of financing, training and other services to be provided under the Project, source and programming of training, pricing policy for different types of training and financial projections in the form of a budget, operating account and marketing strategy.

(d) DLC-CI shall, no later than November 15 of each year, furnish the Business Plan for that year to its Board for approval and to the Association for review and comments. DLC-CI shall update the Business Plan annually and promptly furnish each updated plan to its Board for approval and to the Association for review and comments.

(e) DLC-CI shall prepare and furnish to its Board, no later than 30 days after the end of each quarter, an activity report on its operations and progress made in carrying out the Business Plan during the quarter. Said quarterly report shall specify any problems encountered in the carrying out of the Project and include updated performance indicators on DLC-CI's operations.

3. DLC-CI implements the Project in accordance with the terms of a Project Implementation Manual in form and substance satisfactory to the Association. DLC-CI shall obtain the consent of the Association before making any material changes in the Project Implementation Manual; and (ii) shall not make any such changes in the Project Implementation Manual that are, in the opinion of the Association, likely to affect materially or adversely the carrying out of the Project.

4. DLC-CI shall establish a financial management system for the Project in form and substance satisfactory to the Association.

