

CONFORMED COPY

CREDIT NUMBER 2752 TO

DEVELOPMENT CREDIT AGREEMENT

(Education Rehabilitation Project)

between

REPUBLIC OF TOGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 30, 1995

CREDIT NUMBER 2752 TO

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated October 30, 1995, between REPUBLIC OF TOGO (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

WHEREAS (B) the Association has received a letter, dated May 30, 1995, from the Borrower describing a program of actions, objectives and policies designed to implement the Borrower's strategy in the education sector (hereinafter referred to as the Program), and declaring the Borrower's commitment to the execution of such program;

WHEREAS (C) the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this

Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications thereto set forth below (the General Conditions) constitute an integral part of this Agreement:

- (a) The last sentence of Section 3.02 is deleted.
- (b) The second sentence of Section 5.01 is modified to read:

"Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank 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 Bank, 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 forth and the following additional terms have the following meanings:

- (a) "Auxiliary teachers" means the teaching staff recruited and employed by the Borrower on the basis of fixed-term contracts;
- (b) "MENRS" means Ministere de l'Education Nationale et de la Recherche Scientifique, the Borrower's ministry responsible for National Education and Scientific Research;
- (c) "DRH" means Direction des Ressources Humaines, the directorate responsible for administration and human resources within MENRS;
- (d) "DGPE" means Direction Generale de la Planification de l'Education, the general directorate responsible for education planning within MENRS;
- (e) "DAF" means Division des Affaires Financieres, the division responsible for Financial Affairs within DGPE;
- (f) "METFP" means Ministere de l'Enseignement Technique et de la Formation Professionnelle, the Borrower's ministry responsible for Technical Education and Vocational Training;
- (g) "Project Account" means the account referred to in Section 3.02 of this Agreement;
- (h) "Project Implementation Manual" means the manual adopted by the Borrower pursuant to Section 6.01 (a) of this Agreement;
- (i) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to exchanges of letters dated July 17, 1992 and July 22, 1992 and October 17, 1994 and November 16, 1994 respectively between the Borrower and the Association;
- (j) "Special Account" means the account referred to in

Section 2.02 (b) of this Agreement;

(k) "Steering Committee" means the education sector management committee established by the Borrower pursuant to Borrower's Arrete No. 123/MENRS, dated November 13, 1992;

(l) "CFA Francs" means the currency of the Borrower; and

(m) "Fiscal Year" means the Borrower's fiscal year which begins January 1 and ends December 31 each year.

## 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 three million three hundred thousand Special Drawing Rights (SDR 23,300,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFA francs a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against setoff, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

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

Section 2.03. The Closing Date shall be June 30, 2001 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the

General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on April 15 and October 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 15 and October 15 commencing October 15, 2005 and ending April 15, 2035. Each installment to and including the installment payable on April 15, 2015 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the 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 through MENRS, with due diligence and efficiency and in conformity with appropriate economic, financial, administrative, and pedagogical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project; and

(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 and the Project Implementation Manual.

Section 3.02. Without limitation upon any of its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) establish and maintain a Project Account in a commercial bank on terms and conditions satisfactory to the Association to be used exclusively for the purposes of meeting expenditures for the Project, to be financed through the Borrower's contribution; and

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

Section 3.03. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.04. Without limitation upon the provisions of Article IX of the General Conditions, 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 for the future operation of the Project;

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

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

Section 3.05. The Borrower shall redeploy teaching personnel at the secondary school level in accordance with the objectives and timetable set forth in the Program.

Section 3.06. The Borrower shall not later than March 31, 1996, issue an Arrete acceptable to the Association, for the establishment and operation of a textbook loan and decentralized rental mechanism for primary and secondary school students respectively, which shall include, inter alia, provisions relating to management responsibilities, reporting and audit requirements.

Section 3.07. The Borrower shall: (a) not later than November 30 of each year commencing November 30, 1996, undertake with the Association a joint annual review of the Project (or, as the case may be, not later than 30 months after the Effective Date, a midterm review), during which they shall exchange views generally on the progress achieved in the carrying out of the Project and the performance by the Borrower of its obligations under this Agreement and, in particular:

- (i) the status of disbursement and procurement performance under the Project;
- (ii) the progress in the execution and management of the civil works;
- (iii) the effectiveness of the technical assistance, the implementation of training activities and the performance of trained

staff;

- (iv) the establishment of processes to improve student learning and teaching;
- (v) the textbook procurement and distribution system, and the textbook maintenance system;
- (vi) the annual work programs; and
- (vii) the reporting, accounting, and auditing performance.

(b) in order to facilitate the reviews referred to in paragraph (a) above, prepare and submit to the Association, not later than four weeks before the scheduled date of the reviews, a report on Project activities of such scope and in such detail as the Association shall have reasonably requested.

(c) as part of the midterm review: (i) adopt an action plan, satisfactory to the Association, based on and having due regard to the recommendations of the said review; and (ii) promptly thereafter, implement such plan.

Section 3.08. The Borrower shall, not later than March 31, 1996: (a) adopt an action plan with a timetable, satisfactory to the Association, describing a program of actions and measures necessary for the creation of an education support fund intended, inter alia, to finance the salaries of auxiliary teachers; and (b) promptly thereafter implement such action plan.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, for each fiscal year audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year or three months after the end of each such semester, as the case may be, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

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

- (i) maintain, or cause to be maintained, in accordance with paragraph (a) of this Section,

records and accounts reflecting such expenditures;

- (ii) have the records and accounts referred to in paragraph (c) of this Section audited on a semiannual basis, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (iii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iv) enable the Association's representatives to examine such records; and
- (v) ensure that such records and accounts are included in the audit prepared on a semiannual basis, referred to in paragraph (c) (ii) of this Section and furnished to the Association not later than six months after the end of such semiannual audit period, 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 semester, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely that a situation shall have arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

#### 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 a Project Implementation Manual, satisfactory to the Association, outlining the procurement, disbursement and other implementation arrangements for the Project, including the operational guidelines for the textbook loan mechanism at the primary school level and the operational guidelines for textbook rental and replacement at the lower-secondary level;

(b) the Borrower has employed the auditors referred to in Section 4.01 (b) of this Agreement on terms and conditions satisfactory to the Association;

(c) the Borrower has prepared and furnished to the Association bid documents, satisfactory to the Association, for the goods scheduled to be procured during the first twelve months after the Effective date;

(d) the Borrower has employed the consultants whose services are required under the Project, during the first twelve months after the Effective date as set forth in the Project Implementation Manual, in accordance with the provisions of Section II of Schedule 3 to this Agreement; and

(e) the Borrower has opened the Project Account and has deposited therein the initial deposit in an amount in CFA francs equivalent to \$250,000.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

Section 7.01. The Minister in charge of finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministere de l'Economie et des Finances  
B.P. 387  
Lome  
Togo

Cable address:	Telex:
MINFIE	5286

For the Association:

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

Cable address:	Telex:
INDEVAS	248423 (RCA)
Washington, D.C.	82987 (FTCC)
	64145 (WUI) or
	197688 (TRT)

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

REPUBLIC OF TOGO

By /s/ Kossivi Osseyi

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION



By /s/ Olivier Lafourcade

Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	4,130,000	100% of foreign expenditures and 90% of local expenditures
(2) Equipment and Vehicles	450,000	100% of foreign expenditures and 80% of local expenditures
(3) Textbooks	6,350,000	100% of foreign expenditures and 90% of local expenditures
(4) Consultants Services and Training	4,000,000	100%
(5) Operating Costs	640,000	95%
(6) Auxiliary teachers salaries	5,530,000	80% until December 31, 1998; and 40% thereafter
(7) Refunding of Project Preparation Advance	260,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(8) Unallocated	1,940,000	
TOTAL	23,300,000 =====	

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 goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures";

(c) the term "operating costs" means the incremental Project related costs incurred on account of vehicles maintenance and insurance, equipment maintenance, acquisition of office supplies and equipment, staff salaries, travel costs and per diem, utilities and fuel; and

(d) the term "auxiliary teacher salaries" means the incremental Project related expenditures incurred on account of the payment of salaries of auxiliary teachers.

3. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for goods, works and employment of consulting firms not exceeding \$100,000 equivalent and for expenditures under contracts for employment of individual consultants not exceeding \$50,000 equivalent, 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 in:

- (i) improving the quality of schools through in-service training of primary school teachers, school construction and rehabilitation, textbook provision, and the introduction of school-based experiments in teaching and learning processes;
- and (ii) developing better education system management through decentralized recruitment and financing of teachers and development of system management tools.

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: Improvement of Quality of Schools

1. Rehabilitation of about 440 classrooms, construction of about 360 primary classrooms and of book storage facilities.
2. Production, acquisition and distribution of about: (i) 2,300,000 textbooks and 41,000 teachers' guides for the primary school level; and (ii) 510,000 textbooks and 20,000 teachers' guides for the lower-secondary school level.
3. Carrying out of: (i) in service training program for primary school teachers; (ii) a training program for primary and lower secondary school teachers and school directors in the use and maintenance of textbooks; and (iii) an awareness raising campaign on the maintenance of textbooks stock, geared towards parents' associations.
4. Strengthening of DAF staff's capacity to develop technical and pedagogic specifications for textbook purchase and publishing through the provision of technical advisory services.
5. Design and implementation of school-based action research projects intended to improve teaching and learning methods at the primary school level.
6. Acquisition of equipment, supplies and vehicles for above activities.

#### Part B: Better Education System Management

1. Implementation of the Borrower's strategy for the decentralization of teachers' recruitment and financing through the establishment of consultative regional school boards and a decentralized education fund, the development of criteria for decentralized personnel management, the creation of additional

auxiliary teachers positions, the design of financial and auditing procedures and the training of financial managers at the regional level.

2. Strengthening of MENRS's capacity in the areas of computerized information system management and budgetary programming and monitoring through, inter alia, the provision of technical advisory services, the carrying out of regional training workshops, seminars and field surveys, and the acquisition of office equipment, supplies and vehicles.

3. Implementation of MENRS restructuring through the carrying out of periodic yearly training seminars for all school directors, pedagogic and placement counselors, inspectors, and teacher trainers, the training of the Examinations Directorate staff, the acquisition of equipment, office supplies and vehicles, the provision of technical advisory services, and carrying out a program of study visits.

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The Project is expected to be completed by December 31, 2000.

### SCHEDULE 3

#### Procurement and Consultants' Services

##### 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 (Guidelines) and the following provisions of this Section, as applicable.

##### 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 \$150,000 equivalent or more each.

##### (b) Preference for domestically manufactured goods

The provisions of paragraph 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

Civil works for the construction and rehabilitation of classrooms and book storage facilities may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

##### 2. National Shopping

Items, or groups of items, for small materials and supplies

estimated to cost \$10,000 equivalent or less per contract and \$50,000 equivalent or less in the aggregate, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraph 3.5 and 3.6 of the Guidelines.

### 3. Procurement from UN Agencies

Individual vehicles and minor office equipment, estimated to cost \$50,000 equivalent or less in the aggregate, may be procured from the Inter-Agency Procurement Service Office of the United Nations Development Project in accordance with the provisions of paragraph 3.9 of the Guidelines.

## Part D: Review by the Association 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 each contract for works and goods estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraph 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

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Association, other standard forms acceptable to the Association shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each, or (b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Association review shall not apply to: (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Association, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or

above.

#### SCHEDULE 4

##### Implementation Program

1. The Borrower shall maintain until the completion of the Project the Steering Committee, chaired by a representative of the minister responsible for MENRS, and including, inter alia, the Secretary General, the Director General of Planning of Education, the General Directors of Primary, Secondary, and Tertiary Schooling, the Director of Evaluation, the General Director of Administration, the Director of Financial Affairs, the Permanent Secretary of the Conseil Supérieur de l'Éducation Nationale and the Project coordinator, all within MENRS.
2. The Steering Committee shall be responsible for the coordination of Project execution. It shall: (i) carry out periodic evaluations of the technical advisory services provided under the Project; (ii) participate in the midterm review and the annual reviews referred to in Section 3.07 of this Agreement, (iii) assist in the drafting and preparation of the implementation completion report, (iv) discuss prior to the end of each semester, the draft work programs prepared by the Project coordinator; and (v) furnish to the Association for comments not later than July 31 and January 31 of each year, semiannual reports including, inter alia, an assessment of the strengths and weaknesses in the execution of the Project and the draft work program for the following six-month period.
3. During the implementation of the Project, the Borrower shall employ under Part A.1 of the Project, a verification firm in accordance with the provisions of Section II of Schedule 3 to this Agreement.
4. Without any limitation on its obligations under Section 3.01 of this Agreement, the Borrower shall: (a) not later than November 30 of each year, beginning November 30, 1995, review with the Association the execution of the current budget of the education sector for the ongoing fiscal year as well as assess the resource requirements for the following fiscal year; (b) on the basis of such review and assessment, each year prepare the annual current budget for the following fiscal year with appropriate allocations, to cover salary and non-salary recurrent costs for the education sector for that year, having due regard to the Association's comments and consistent with the provisions of the letter referred to in preamble (B) of this Agreement;

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:
  - (a) the term "eligible Categories" means Categories (1) to (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
  - (b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
  - (c) the term "Authorized Allocation" means an amount equivalent in CFA francs to \$500,000 to be withdrawn from the Credit 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 in CFA

francs to \$250,000 until the aggregate amount of withdrawals from the Credit 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 5,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to, or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(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 Account;

(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 pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the 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 with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

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

