

CONFORMED COPY

CREDIT NUMBER 3333-SE

Development Credit Agreement

(Quality Education For All Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 28, 2000

CREDIT NUMBER 3333-SE

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 28, 2000, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter, dated February 14, 2000, from the Borrower describing a program of actions, objectives and policies designed to strengthen the Borrower's educational sector (the Letter) and to implement a Ten-Year Education and Training Program (TYETP) (the Letter and the TYETP are collectively referred to as the Program), and declaring the Borrower's commitment to the execution of the Program;

(B) the Borrower has requested that the Association support its execution of the Program through a series of Credits over a period of 10 years, the proceeds of such Credits to be utilized by the Borrower for implementing the Program;

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

(D) the Borrower intends to contract from several donors (the Donors) loans or grants in an amount equivalent to \$70,000,000 (the Donor

funds) to assist in financing the Project on the terms and conditions set forth in the agreements to be entered into between the Borrower and the Donors;

(E) Part B.14 of the Project will be carried out by AGENCE D'EXECUTION DES TRAVAUX D'INTERET PUBLIC CONTRE LE SOUS-EMPLOI (AGETIP) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to AGETIP a portion of the proceeds of the Credit as provided in this Agreement; and

WHEREAS the Association has agreed on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Association and AGETIP;

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 December 2, 1997), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement.

(a) A new paragraph (c) is added to Section 3.04 to read:

"If the Association shall at any time receive less than the full amount then due and payable to it under the Development Credit Agreement, the Association shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Development Credit Agreement as the Association shall in its sole discretion determine."; and

(b) Section 11.01 is modified by replacing, in the second sentence, the word "radiogram" with the word "facsimile" and adding a new sentence at the end of the said Section to read:

"Deliveries made by facsimile transmission shall also be confirmed by mail."

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 meaning:

(a) "AGETIP" means Agence d'Exécution des Travaux d'Intérêt Public Contre le Sous-Emploi, a public works executing entity established in accordance with Law No. 66-70 of the Borrower, dated July 13, 1966;

(b) "AWPB" means the annual work program and budget prepared by the Borrower for the purpose of the Project pursuant to paragraph 6 of Schedule 4 to this Agreement;

(c) "Convention" means the agreement, dated January 7, 1993, entered into between the Borrower and AGETIP, as amended to date, and as the same may be amended from time to time, and such term includes the AGETIP Manual of Procedures, and all other annexes, schedules and

attachments thereto;

(d) "CNCS" means Comité National de Coordination et du Suivi, the National Coordination and Monitoring Committee, established by the Borrower for the purpose of ensuring coordination and monitoring of the Program;

(e) "CONSEF" means Conseil Supérieur de l'Éducation et de la Formation, the High Council for Education and Training, established pursuant to paragraph 4 of Schedule 4 to this Agreement;

(f) "DAGE" means Direction de l'Administration Générale et de l'Équipement, the Directorate of General Administration and Equipment within MEN (as hereinafter defined);

(g) "DPRE" means Direction de la Planification et de la Réforme de l'Éducation, the Directorate of Planning and Educational Reform, within MEN;

(h) "FAFP" means Fonds d'Appui à la Formation Professionnelle, a fund to be established and maintained by the Borrower pursuant to Section 3.07 (iii) of this Agreement, for the purpose of providing Vocational Training Micro Projects (as hereinafter defined);

(i) "FCFA" means Franc de la Communauté Financière d'Afrique, the currency of the Borrower;

(j) "Financial Procedures Manual" means the manual adopted by the Borrower pursuant to Section 6.01 (d) of this Agreement containing, inter alia, details on the procedures regarding financial management to be used in the implementation of the Project and such term includes any schedules to the Financial Procedures Manual;

(k) "INEADE" means Institut National d'Études et d'Action pour le Développement de l'Éducation, the Borrower's National Institute for Studies and Action for Education Development;

(l) "Initial Deposit" means the deposit referred to in Section 3.08 (iii) of this Agreement;

(m) "Literacy Grant" means the grant provided under Part B.14 of the Project;

(n) "Literacy Manual of Procedures" means the manual containing the details regarding the implementation of Part B.14 of the Project and such term includes any schedules to the Literacy Manual of Procedures;

(o) "Literacy Subproject" means a specific activity or group of activities pertaining to literacy improvement, designed and implemented by a committee, non-governmental organization, women or producers' group that organizes and carries out such activities, financed or proposed to be financed, through grants under Part B.14 of the Project;

(p) "Literacy Subproject Beneficiary" means a recipient of the grants provided under Part B.14 of this Project, which may include a committee, non-governmental organization, women, or producers' group;

(q) "MEN" means Ministère de l'Éducation Nationale, the Borrower's Ministry of Education;

(r) "Performance Indicators" means the indicators for Project supervision specified in Schedule 6 to this Agreement;

(s) "Project Agreement" means the agreement between the Association and AGETIP, of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(t) "Project Account" means the account referred to in Section 3.08 of this Agreement;

(u) "Program Implementation Manual" means the manual adopted by the Borrower pursuant to Section 6.01 (b) of this Agreement containing, inter alia, work plans, training plans and procedures to be used for the purpose of implementation of the Program, including infrastructure maintenance, and such term includes any schedules to the Program Implementation Manual;

(v) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;

(w) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to the Letter Agreement, dated October 5, 1999;

(x) "School Improvement Subproject" means a specific activity or group of activities pertaining to improvement in teaching at schools, designed by a school teacher or group of teachers, financed or proposed to be financed, through grants under Part B.1 of this Project;

(y) "School Improvement Subproject Beneficiary" means the recipient of the grants provided under Part B.1 of this Project, which may include a school teacher or group of teachers;

(z) "School Improvement Grant" means the grant provided under Part B1 of the Project;

(aa) "School Improvement Grant Manual of Procedures" means the manual containing the details regarding the implementation of Part B.1 of the Project and such term includes any schedules to the School Improvement Grant Manual of Procedures;

(bb) "Special Account" means any of the accounts referred to in Section 2.02 (b) of this Agreement;

(cc) "Subsidiary Agreement" means the agreement to be entered into between the Borrower and AGETIP pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such terms includes any schedule to the Subsidiary Agreement;

(dd) "Territorial Collectivity" means territorial collectivity as defined by the Borrower's Decentralization law No. 96-06 dated February 5, 1996 ;

(ee) "Vocational Training Grant" means the grant provided under Part B.11 of the Project;

(ff) "Vocational Training Manual of Procedures" means the manual containing the details regarding the implementation of Part B.11 of the Project and such term includes any schedules to the Vocational Training

Manual of Procedures;

(gg) "Vocational Training Microproject" means a specific activity or group of activities pertaining to the improvement of vocational training, designed by a school teacher or group of teachers, financed or proposed to be financed, through grants under Part B.11 of this Project; and

(hh) "Vocational Training Microproject Beneficiary" means the recipient of the grants provided under Part B.11 of this Project, which may include a school teacher or group of teachers.

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 thirty-six million seven hundred thousand Special Drawing Rights (SDR 36,700,000).

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 :

(i) the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement (other than Parts B.1 and B.11 thereof), and to be financed out of the proceeds of the Credit and amounts paid (or if the Association shall so agree, to be paid) by MEN on account of withdrawals made by a School Improvement Subproject Beneficiary or a Vocational Training Micro-project Beneficiary under a School Improvement Sub-project or a Vocational Training Micro-project, to meet the reasonable cost of goods and services required for a School Improvement Subproject or a Vocational Training Micro-project, and in respect of which the withdrawals from the Credit Account is requested; and

(ii) the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement (other than Part B.14 thereof), and to be financed out of the proceeds of the Credit and amounts paid (or if the Association shall so agree, to be paid) by AGETIP on account of withdrawals made by a Literacy Subproject Beneficiary under a Literacy Sub-project, to meet the reasonable cost of goods and services required for a Literacy Sub-project, and in respect of which the withdrawals from the Credit Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain, in FCFA, a separate special deposit account for purposes of Parts A, B (excluding Part B.14) and C of the Project (the MEN Special Account), and a separate special deposit account for purposes of Part B.14 (the AGETIP Special Account), both in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of the Special 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 Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be December 31, 2003 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

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

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

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

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

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 15 and October 15, commencing April 15, 2010 and ending October 15, 2039. Each installment to and including the installment payable on October 15, 2019 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 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, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall:

- (i) carry out Parts A, B (excluding B.14) and C of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and management practices and in accordance with the Implementation Program set forth in Schedule 4 to Agreement, and shall provide, promptly as needed, the funds, facilities, services and other resources required for such Parts A, B (excluding B.14) and C of the Project;
- (ii) cause AGETIP to carry out Part B.14 of the Project, with due diligence and efficiency and in conformity with appropriate administrative, financial and management practices, and in accordance with the provisions of the Convention;
- (iii) cause AGETIP to perform in accordance with the provisions of the Project Agreement all the obligations of AGETIP therein set forth;
- (iv) take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable AGETIP perform such obligations; and
- (v) refrain from taking or permitting to be taken any action which would prevent or interfere with such

performance of AGETIP.

(b) The Borrower shall, under a Subsidiary Agreement, acceptable to the Association, make the proceeds of the Credit allocated to Part B.14 of the Project, available to AGETIP on a non-reimbursable basis and under such terms and conditions which shall have been approved by the Association.

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

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

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan for the future operation of the Project; and

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

Section 3.04. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by AGETIP, pursuant to Section 2.03 of the Project Agreement.

Section 3.05. The Borrower shall: (i) not later than October 31, 2000, adopt and carry out an action plan to rationalize the management of teachers, in form and substance acceptable to the Association; (ii) not later than October 31, 2000, finalize and adopt a charter on cost recovery in the schools and universities; (iii) not later than December 31, 2000, prepare and adopt an action plan for the improvement of the internal efficiency in schools including inter alia, drop-out/repetition, length of school year and teaching hours; (iv) not later than December 31, 2000, adopt a specific plan including procedures for the management of direct grants to primary, middle and secondary schools; and (v) not later than June 30, 2001, prepare and adopt a policy strategy and work program for the privatization of textbook publication and distribution.

Section 3.06. The Borrower shall: (i) not later than one month after the Effective Date, establish FAFP, in form and substance satisfactory to the Association; and (ii) not later than December 31, 2000, prepare and adopt, in form and substance satisfactory to the Association, (A) the Literacy Manual of Procedures, and (B) the Vocational Training Manual of Procedures.

Section 3.07. The Borrower shall take all necessary measures to employ and maintain until the completion of the Project, an adequate number of staff with terms of reference acceptable to the Association.

Section 3.08. Without limitation on the provisions of Section 3.01, the Borrower shall, for the purpose of the Project: (i) open and maintain until the completion of the Project, an account (the Project Account), on terms and conditions acceptable to the Association; (ii) deposit into the Project Account an initial amount equivalent to FCFA 25,000,000 (the Initial Deposit); (iii) thereafter annually deposit into the Project Account an amount equivalent to the Initial Deposit or any other amount required for further implementation of the Project as agreed between the Borrower and the Association; and (iv) ensure that the amounts deposited into the Project Account shall be used exclusively for the purposes of defraying the cost of expenditures incurred for the execution of the Project, and not otherwise financed out of the proceeds of the Credit.

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 Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and

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

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of its financial management system for the Project in order to enable the Borrower, not later than 18 months after the Effective Date, or such later date as the Association shall agree, to prepare quarterly Project management reports, acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the period following the period covered by said report; and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;

(ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and

(iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Borrower shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

ARTICLE V

Remedies of the Association

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

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

(b) AGETIP shall have failed to perform any of its obligations under the Project Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely the event

specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

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, in accordance with the provisions of Section II of Schedule 3 to this Agreement, appointed an auditor for purposes of Article IV of this Agreement;

(b) the Borrower has adopted a Program Implementation Manual, in form and substance acceptable to the Association;

(c) MEN has entered into: (i) an agreement with the Maître d'ouvrage délégué, and (ii) a Protocole d'Accord with the Associations des Elus Locaux, both in form and substance satisfactory to the Association;

(d) the Borrower has: (i) established a financial management and accounting system, satisfactory to the Association; and (ii) adopted a Financial Procedures Manual, in form and substance acceptable to the Association;

(e) the Borrower has completed the procurement plan for the first two years of the Project;

(f) the Borrower has approved the AWPB for the first year of the Project, in accordance with, and subject to, the provisions paragraph 6 of Schedule 4 to this Agreement;

(g) the Subsidiary Agreement has been executed on behalf of the Borrower and AGETIP; and

(h) the Borrower has opened the Project Account and deposited therein the amount of the Initial Deposit.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) that the Project Agreement has been duly authorized or ratified by AGETIP, and is legally binding upon AGETIP in accordance with its terms; and

(b) that the Subsidiary Agreement has been duly authorized or ratified by the Borrower and AGETIP, and is legally binding upon the Borrower and AGETIP in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of 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:

Ministry of Economy, Finance and Planning
B. P. 4017
Rue Rene Ndiaye
Dakar
Senegal

For the Association:

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

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

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 city of Dakar, Republic of Senegal, as of the day and year first above written.

REPUBLIC OF SENEGAL

By /s/ Makhtar Sop Diop
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ James D. Wolfensohn
President

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Works	8,100,000	95%
(2) Goods (including textbooks)	7,400,000	100% of foreign expenditures and 90% of local expenditures
(3) Consultants' services (including training, audit and contractual staff)	8,200,000	100%
(4) Grants		100%
(a) Literacy Grants Under Part B.14	5,000,000	
(b) School Improve- ment Grants Under Part B.1	1,800,000	
(c) Vocational Training Grants Under Part B.11	400,000	
(5) AGETIP Fees	100,000	100%
(6) Operating Costs		
(a) Under all Parts (excluding Parts B.14 and C.10)	800,000	90%
(b) Under Part C.10	1,400,000	50%
(7) Refunding of Project Preparation Advance	500,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(8) Unallocated	3,000,000	
TOTAL	36,700,000	

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"; and

(c) the term "incremental operating costs" means the incremental expenses incurred on account of Project implementation, management and monitoring, including maintenance of equipment, office supplies, vehicle operation, travel and supervision costs but excluding salaries of officials of the Borrower's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made: (a) in respect of payments made for expenditures prior to the date of this Agreement; (b) in respect of payments made for expenditures for goods and services supplied under a contract which any national or international financing institution or agency other than the Association shall have financed or agreed to finance under any other credit or grant; (c) in respect of payments made against Category 4 (a), unless the Literacy Manual of Procedures has been adopted and Literacy Subproject is made in accordance with the criteria and terms and conditions specified in paragraph 11 of Schedule 4 to this Agreement; (d) in respect of payments made against Category 4 (b), unless the School Improvement Grant Manual of Procedures has been adopted, and the School Improvement Subproject is made in accordance with the criteria and terms and conditions specified in paragraph 9 of Schedule 4 to this Agreement; and (e) in respect of payments made against Category 4 (c), unless the Vocational Training Manual of Procedures has been adopted, and Vocational Training Micro-project is made in accordance with the criteria and terms and conditions specified in paragraph 10 of Schedule 4 to this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (i) goods and works, under contracts costing less than \$200,000 equivalent each; (ii) services of consulting firms, under contracts costing less than \$100,000 equivalent each; and (iii) services of individual consultants under contracts costing less than \$50,000 equivalent each, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower to establish a framework for universal primary education (UPE) in its territory.

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: Increasing Access to Basic Education

1. Increasing coverage and equity of education by expanding primary and lower secondary school enrollment with special emphasis on enhancing the participation of girls and boys living in under-served regions, through: (i) the construction and rehabilitation of about 1600 primary school classrooms; (ii) retrofitting of about 700 primary schools with latrines and wells; and (iii) provision of technical advisory services and acquisition of equipment for the development and implementation of a communications campaign aimed at increasing the demand for schooling.

2. Development of a new model of small scale rural secondary school for general, technical and professional education.

3. Expansion of community colleges along with greater support of private provision of higher education through the provision of technical

advisory services and acquisition of equipment.

Part B: Improving the Quality of Schooling

1. Improving the quality and internal efficiency of primary and general secondary education by reducing dropout and repetition rates and improving students' academic achievements, especially in rural and under-served areas, and among girls, through the establishment and operation of a school-based small grants program to empower schools to develop plans for improvement of learning quality, including decentralization of resource administration to the school level.
2. Provision of technical advisory services and acquisition of equipment for childhood development, including: (i) for the development of models and materials for low-cost, scaleable initiatives for improving education at the community level; (ii) to facilitate the design of policy, norms, and training packages, and targeting IEC to vulnerable groups; and (iii) to facilitate capacity-building of NGOs and other private sector care providers in support of ongoing community-driven early childhood development.
3. Acquisition of small collections of 20-30 reading books for about 1000 classrooms including those in local languages, and implementation of a program to identify national authors and develop books with locally relevant content.
4. Provision of training for teachers to facilitate comprehension and implementation of a system to develop children's reading habit.
5. (a) Provision of technical advisory services and acquisition of equipment to revise the curriculum to harmonize it with the rapidly changing requirements and with the socio-cultural and economic needs of rural areas and gender issues.

(b) Carrying out of a pilot program in about 200 classrooms to develop a strategy for moving from the child's own language to the use of French language over a three- to four- year period.
6. Provision of technical advisory services and acquisition of equipment for the development and implementation of a multiple-title system (several different series per subject area) under which publishers will be invited to propose textbook series based on national guidelines to be developed by INEADE, including reprinting of existing books, development of procedures, training program and bidding documents for multiple title system.
7. Provision of technical advisory services and acquisition of equipment for the carrying out of pilot programs focussing on health and nutrition interventions that are low cost and easy to deliver, including a micronutrient supplement and deworming initiative, and a family education program including an anti-STD campaign.
8. Provision of technical advisory services and acquisition of equipment for the development of proactive approaches to identifying and providing support for various marginalized groups of children, including those with physical and mental handicaps and special learning needs, and to assist the three existing special education institutions to integrate children with special needs into regular school programs.
9. Provision of technical advisory services and acquisition of equipment to develop and implement special initiatives targeting the reduction of repetition and dropout rates including the establishment and

operation of a remedial study program.

10. Provision of technical advisory services and acquisition of equipment for upgrading curriculum and teaching methodology in teacher training schools and the Ecole Nationale Supérieure in line with changes in curriculum and teacher recruitment policy, including the development of pre-and in-service training programs for school directors and inspectors, including distance learning.

11. Provision of technical advisory services for the preparation of a new policy for the vocational training sub-sector, and establishment of a demand-driven small-scale grant program to test mechanisms to finance technical education and vocational training micro-projects linked to the labor market needs.

12. Provision of technical advisory services to MEN to complement the existing support to the Borrower's on-going higher education reform program, focusing on developing contractual approaches aimed at more autonomy and accountability of the public institutions, and expansion of private institutions.

13. Establishment of a text book loan system.

14. Provision of grants to Literacy Subproject Beneficiaries for financing Literacy Subprojects and supervision and evaluation thereof.

Part C: Strengthening Capacity for Decentralized Management

1. Modernizing and strengthening education sector management system, through the provision of technical advisory services to MEN to assist it to set policies and guidelines for the sector and improve the education system's capacity for delivering education services.

2. Provision of technical advisory services to facilitate the decentralization of education functions, and establish new ways to deliver services, including testing of new processes, procedures and systems during the first years of Program implementation.

3. Carrying out of a review of the legal framework for the education sector to facilitate the management of educational activities at the regional and school levels.

4. Carrying out of a review of the career plan and the performance incentive system for teachers, principals, supervisors and technical staff.

5. Provision of training and technical advisory services to assist MEN develop program management capacity within its central, departmental and regional directorates.

6. Strengthening of the information management and planning capacity in the education sector at the central, regional and local levels including the establishment and implementation of a system to increase parent and community participation in school management and provision of training for the Associations des parents d'élèves.

7. Provision of technical advisory services and acquisition of equipment to create capacity within MEN at the central, regional and local levels to analyze policy issues, monitor and evaluate the education program on a yearly basis, including development of instruments for

monitoring the different parts of the Program.

8. Establishment of financial management systems for all levels including introduction of program budgeting, execution and audit, for MEN at the central, regional, local and school levels, and provision of training for MEN staff, in areas related thereto.

9. Provision of technical advisory services, acquisition of equipment and logistical assistance to DAGE and DPRE in the management and coordination of the Program, including training related thereto.

10. Provision of technical advisory services, equipment, logistical assistance and audit to the Territorial Collectivities, on a matching basis, for the maintenance of school facilities.

* * *

The Project is expected to be completed by June 30, 2003.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Good and Works

Part A: General

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

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 provisions 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 (i) for works shall be grouped in bid packages estimated to cost \$500,000 equivalent or more each, and (ii) for goods shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Two-stage bidding procedure

The bidding procedure for the procurement of computerized information and communication system shall be carried out in two stages in accordance with the provisions of paragraph 2.6 of the Guidelines.

(c) 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

Works estimated to cost less than \$500,000 equivalent per contract, up to an aggregate amount not to exceed \$14,300,000 equivalent, and goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$4,150,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International Shopping

Library books and learning material estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. National Shopping

All goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, 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.

4. Procurement of Small Works

Works estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations 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

(a) With respect to each contract for works estimated to cost the equivalent of \$200,000 or more, for goods estimated to cost the equivalent of \$100,000 or more, and the first five contracts for works and goods estimated to cost between the equivalent of \$30,000 and \$200,000, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract for goods estimated to cost the equivalent of \$30,000 or more, the following procedures shall apply:

- (i) prior to the execution of the first five contracts procured under shopping procedures, the Borrower shall provide to the Association a copy of the specifications and the draft contract; and
- (ii) the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

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

Part B: Quality- and Cost-based Selection

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

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for: (i) architectural design and work supervision and communications campaigns under Part A.1 of the Project; (ii) operation manual under Part B.1 (a) of the Project; (iii) training and IEC to vulnerable groups under Part B.1 (b) of the Project; (iv) studies on health and nutrition under Part B.1 (g) of the Project; and (v) studies to develop decentralization functions under Part C.2 of the Project, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for audit under Part C of the Project estimated to cost less than \$200,000 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. Single Source Selection

Services: (i) for the management of works contracts and related consultants for the design, supervision and control of the works under Part A.1 of the Project which are estimated to cost less than \$750,000 equivalent per contract; (ii) for the implementation of the financial and economic monitoring and evaluation system under Part C.7 of the Project estimated to cost less than \$200,000 equivalent per contract; and (iii) rendered by the contractual staff transferred from the Second Human Resources Development Project Unit and the PAES Unit to DPRE and DAGE, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

3. Individual Consultants

Services for small studies and lectures under Parts B and C of the Project shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

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

2. Prior Review

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

(b) With respect to each contract estimated to cost the equivalent of \$100,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$30,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after

the said approval shall have been given.

3. Post Review

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

SCHEDULE 4

Implementation Program

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

2. MEN shall be responsible for implementation as well as overall coordination of the Program, through its technical divisions, and shall make all legal and administrative arrangements for the Territorial Collectivities to be responsible for budget execution of the education funds delegated to them as well as for the use of matching funds provided by MEN for maintenance. MEN shall work in close cooperation and interaction with CONSEF to oversee the management of resources provided under the Project.

3. DAGE shall be responsible for overall management and reporting of the principal financial resources for the Project. Every quarter, commencing the second quarter of year 2000, the financial management committee, reporting to the technical committee, shall review DAGE's program management report. DAGE shall: (i) coordinate, in relation with DPRE, the preparation of the Annual Operation Plans and Budgets for all parts of the Project regardless of origin of funds, including the Borrower's resources for recurrent expenditures managed by MEN's line agencies and resources delegated to autonomous institutions such as universities, or local governments; (ii) manage all investment resources, for the Borrower's share of Project expenditures (excluding those under Part B.14 of the Project); (iii) monitor all expenditures incurred for education, including in particular local government resources; (iv) maintain and consolidate all Project accounts including the Special Accounts; (v) ensure that all reports and audits are provided to MEN, the Borrower's Ministry of Finance and Planning, and the Association; and (vi) prepare the quarterly Project Management Reports.

4. The Borrower shall, not later than one month after the Effective date, establish CONSEF, and cause CONSEF to be responsible for the oversight of the implementation of the TYETP. CONSEF shall be chaired by the Minister of Education and comprise MEN managers, representatives of the universities, representatives of the Borrower's ministries, local governments, NGOs, and other representatives of the civil society such as trade-unions. CONSEF shall meet twice a year.

5. For the purpose of general coordination and monitoring of the Program, the Borrower shall establish and maintain CNCS. CNCS shall inter alia be responsible for: (i) coordinating the activities carried out by public and private partners at both central and regional levels; (ii) coordinating the preparation of the AWPB and associated budgets of the Program by each implementing agencies; (iii) aggregating them into an AWPB for the Program and securing approval from MEN, in consultation with the Association and donors involved in the Program; and (iv) monitoring of the execution of the AWPB, including the monitoring of allocations of

the donors and the Borrower's contribution, and where applicable contribution from other private sources.

6. The Borrower shall: (a) prepare and furnish to the Association, for comments and approval, a draft consolidated AWPB, not later than July 31 each year, prior to the annual review referred to in paragraph 7 of this Schedule; (b) ensure that the yearly financing of the Program including public, community and external sources is met in accordance with the financing plan approved by the Borrower in connection with the Program; (c) make available to the regions and the districts, funding for the purposes of the respective part of the Program to be carried out at their level in amounts consistent with the AWPB; and (d) furnish to the Association progress reports based on time-bound performance indicators and use of funds before each annual review.

7. (a) The Borrower shall, no later than November 30 of each year, carry out jointly with the Association and the Donors, a comprehensive annual project implementation review aimed at: (i) documenting progress toward objectives; (ii) identifying and resolving obstacles to project implementation; and (iii) adjusting, in agreement with the Association, targets and corresponding programs to reflect progress achieved in the implementation of the Project as of the date of the review, and ensuring responsiveness to changes to effectively achieve the objectives of the Project.

(b) The Borrower shall, not later than four weeks prior to the review referred to in (a) above, furnish to the Association a report, which shall also include information based on the annually updated financial model and an annual report on maintenance of school buildings, in such detail as the Association shall reasonably request, including an evaluation of the progress achieved in Project implementation.

(c) Promptly after completing such reviews, the Borrower shall carry out recommendations arising out of said reviews, with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

8. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Performance Indicators set forth in Schedule 6 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about April 30, 2001, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by May 31, 2001, 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.

9. Eligibility Criteria and Terms and Conditions of School Improvement Grants

(a) In providing Grants under Part B.1 of the Project, the Borrower shall follow the eligibility criteria, procedures and guidelines set forth in the Project Implementation Manual.

(b) For purposes of financing the Grants, the Borrower shall enter into appropriate arrangements with Grant beneficiaries, under terms and conditions satisfactory to the Association, which shall, inter alia, include the following:

(i) the obligation of the Grant beneficiary to carry out the activities covered by the Grant with due diligence and efficiency and in accordance with sound technical, financial, environmental, managerial and participatory standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of Grant;

(ii) the requirement that: (A) the goods services to be financed from the proceeds of the Credit shall be procured in accordance with procedures ensuring efficiency and economy, and (B) such goods and services shall be used exclusively in the carrying out of the Grant; and

(iii) the right of the Borrower to inspect by itself, or jointly with the Association, if the Association so request, the goods and services included in the Grant, the operations thereof and any relevant records and documents.

10. Eligibility Criteria and Terms and Conditions of Vocational Training Grants

(a) In providing Grants under Part B.11 of the Project, the Borrower shall follow the eligibility criteria, procedures and guidelines set forth in the Project Implementation Manual.

(b) For purposes of financing the Grants, the Borrower shall enter into appropriate arrangements with Grant beneficiaries, under terms and conditions satisfactory to the Association, which shall, inter alia, include the following:

(i) the obligation of the Grant beneficiary to carry out the activities covered by the Grant with due diligence and efficiency and in accordance with sound technical, financial, environmental, managerial and participatory standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of Grant;

(ii) the requirement that: (A) the goods and services to be financed from the proceeds of the Credit shall be procured in accordance with procedures ensuring efficiency and economy, and (B) such goods and services shall be used exclusively in the carrying out of the Grant; and

(iii) the right of the Borrower to inspect by itself, or jointly with the Association, if the Association so request, the goods and services included in the Grant, the operations thereof and any relevant records and documents.

11. Eligibility Criteria and Terms and Conditions of Literacy Grants

(a) In providing Grants under Part B.14 of the Project, AGETIP shall follow the eligibility criteria, procedures and guidelines set forth in the Literacy Manual of Procedures.

(b) For purposes of financing the Grants, AGETIP shall enter into appropriate arrangements with Grant beneficiaries, under terms and conditions satisfactory to the Association, which shall, inter alia, include the following:

(i) the obligation of the Grant beneficiary to carry out the activities covered by the Grant with due diligence and efficiency and in accordance with sound technical, financial, environmental, managerial and participatory standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Grant;

(ii) the requirement that: (A) the goods and services to be financed from the proceeds of the Credit shall be procured in accordance with procedures ensuring efficiency and economy, and (B) such goods and services shall be used exclusively in the carrying out of the Grant; and

(iii) the right of AGETIP to inspect by itself, or jointly with the Association, if the Association shall so request, the goods and services included in the Grant, the operations thereof and any relevant records and documents.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: (i) in the case of the MEN Special Account, Categories 1, 2, 3, 4 (b), 4 (c) and 6 set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and (ii) in the case of the AGETIP Special Account, Categories 4 (a) and 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:

(i) in the case of the MEN Special Account, an amount equivalent to FCFA 2,400,000,000 to be withdrawn from

the Credit Account and deposited into the MEN 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 1,200,000,000 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 10,000,000; and

(ii) in the case of the AGETIP Special Account, an amount equivalent to FCFA 700,000,000 to be withdrawn from Credit Account and deposited into the AGETIP 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 350,000,000 aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding 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 2,500,000;

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

(b) (i) For replenishment of the Special Accounts, the Borrower shall furnish to the Association requests for deposits into the Special Accounts 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 Accounts 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 Accounts 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 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 the Special Accounts:

(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 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 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 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 the Special 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 Accounts (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 Accounts 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 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.

(d) Refunds to the Association made pursuant to paragraph 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.

SCHEDULE 6

Performance Indicators

1. At least 2% annual increase in national student achievement scores compared to existing baseline in French and Mathematics for Grade 4.
 2. Implementation of a norm of 20 teaching hours per week at the middle and secondary levels.
 3. Reaching a textbook ratio of three books per primary and middle school student.
 4. Percentage of operational budget for education allocated to primary schooling to increase from 40% to 44%, of which an increased amount allocated to quality enhancing expenditures.
 5. Primary school gross enrollment to reach 75% by 2002/2003 school year from 65% in 1998/1999, with an enrolment rate in the first year to reach 80% from 68%, and the percentage of girls in schools to reach 46% from 44%.
 6. Annual grade repetition to be reduced to a maximum of 10% by the completion of the Project.
 7. FAFP to disburse a minimum of \$150,000 annually.
 8. Implementation of a model which permits 1% of children between the age of three to five to be enrolled in the DPE.
 9. Literacy training has been successfully provided to 120,000 persons, including 75% women, between ages of 15 and 49, each year.
 10. Percentage of schools offering a complete cycle of six years to reach 80% from 64%.
 11. Reduction by 25% of the number of classes that fall outside the minimum and maximum norms for class size.
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