

CONFORMED COPY

CREDIT NUMBER 2508 GH

Development Credit Agreement

(Primary School Development Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 26, 1993

CREDIT NUMBER 2508 GH

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 26, 1993, between REPUBLIC OF GHANA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS the Association has received a letter, dated May 5, 1993, from the Borrower describing a program of actions, objectives and policies designed to strengthen the Borrower's primary education sub-sector (hereinafter called the Program), and declaring the Borrower's commitment to the execution of the Program;

WHEREAS 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 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 last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "Cedis" means the currency of the Borrower;
- (b) "COs" means the following local officials: MOE's Circuit Monitoring Assistants, MOE's Circuit Supervisors, and the community development officials of the Ministry of Local Government;
- (c) "CU" means the Coordinating Unit for Managing External Funding within MOE;
- (d) "DEO" means MOE's district education officers;
- (e) "MOE" means the Borrower's Ministry of Education;
- (f) "Primary School Project Account" means the account referred to in Section 3.03(a) to this Agreement;
- (g) "SBS" means the School Building Section within the CU;
and
- (h) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

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 forty-six million nine hundred thousand Special Drawing Rights (SDR 46,900,000).

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 Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1997 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 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 January 15 and July 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 semi-annual installments payable on each January 15 and July 15 commencing July 15, 2003 and ending January 15, 2033. Each installment to and including the installment payable on January 15, 2013 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 United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MOE with due diligence and efficiency and in conformity with appropriate

administrative, financial, engineering and educational practices, and with due regard to ecological and environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

Section 3.02. Except as the Association shall otherwise agree, procurement of the 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. Without limitation upon any of its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain in Cedis a project account (the Primary School Project Account) in a commercial bank, on terms and conditions satisfactory to the Association, to be used exclusively for the purpose of meeting expenditures under the Project which are not financed out of the proceeds of the Credit; and

(b) deposit into said account, promptly before each fiscal quarter, sufficient funds to pay the Borrower's counterpart contribution to the financing of the Project required for such quarter under the budget adopted pursuant to Section 3.04 of this Agreement.

Section 3.04. The Borrower shall:

(a) communicate to the Association, not later than November 30 of every year, an estimate of expenditures and the amount of counterpart funding from the Borrower required to execute the Project during the succeeding fiscal year (including for 1994), together with a breakdown by fiscal quarter; and

(b) adopt, and thereafter implement in a timely manner, a budget for each fiscal year beginning with 1994, satisfactory to the Association, for implementation of the Project during such year.

Section 3.05. The Borrower shall, beginning with the 1993-1994 academic year, implement a program, satisfactory to the Association, for increasing the actual instructional time of primary school students, which shall include, among other things:

(a) an information campaign directed at parents and teachers regarding the importance of increasing actual instructional time;

(b) an increase in the official daily instructional time of primary school teachers from four to five hours;

(c) increased involvement of communities in school management, including in the supervision of headteacher and teacher school attendance and instruction during official school hours;

(d) increased involvement of headteachers in supervising teachers;

(e) directives to DEOs to hold all meetings, training programs and other activities outside of official school hours; and

(f) directives to all schools to hold all sporting and other extra-curricular activities outside of official school hours.

Section 3.06. The Borrower shall, beginning with the 1993-1994 academic year: (a) take all action necessary so that no new fees or levies are imposed on primary school students; and (b) implement a program to eliminate by January 1, 1997, all fees and levies imposed on primary school students other than those approved by MOE.

Section 3.07. (a) The Borrower shall carry out, jointly with the Association, not earlier than July 1, 1995 and not later than December 31, 1995, a mid-term review of the progress made in carrying out the Project and the Program. This review shall cover, among other things: (i) the number of classroom pavilions constructed and the number cladded, and the period of time between construction and cladding; (ii) the number of headteacher houses constructed; (iii) the number of headteachers recruited through MOE's revised recruitment procedures, and their qualifications; (iv) the number of classrooms roofed; (v) the execution and impact of training and orientation programs conducted under the Project; (vi) changes in intakes, attendance and dropout rates in schools upgraded under Part B of the Project; (vii) changes in official and actual instructional time of teachers and in actual learning time of students; (viii) changes in student performance; (ix) modifications to the list of schools to be upgraded under Part B of the Project; (x) recommendations for modifications to implementation of the Project; and (xi) the degree of achievement of the Project's and Program's objectives in light of the monitoring indicators agreed upon with the Association.

(b) The Borrower shall transmit to the Association, at least 60 days prior to the mid-term review described in paragraph (a) above, a report, in scope and detail satisfactory to the Association, describing the status of the items listed in such paragraph and of Project and Program implementation generally.

(c) Based on such review, the Borrower shall promptly prepare an action plan, acceptable to the Association, for the further implementation of the Project and the Program, and shall 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, 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) 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;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

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 has 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 CU shall have employed a project manager, a deputy project manager (architect) and a deputy project manager (engineer), each with qualifications and experience and under terms and conditions satisfactory to the Association;

(b) the Borrower shall have employed construction supervisors in sufficient number to supervise the classroom construction program under Part B.1(a) of the Project, with qualifications and experience and under terms and conditions satisfactory to the Association, and such supervisors shall have surveyed at least 50 project sites;

(c) the Borrower shall have selected a technical auditor responsible for monitoring the headteacher house construction activities under Part B.1(b) of the Project in accordance with procedures satisfactory to the Association;

(d) the Borrower shall have selected contractors for the manufacture and installation of at least 2,000 triple classroom pavilions in accordance with procedures satisfactory to the Association; and

(e) the Borrower shall have completed an orientation program for 660 district officials of the Borrower, with content and scheduling satisfactory to the Association.

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.

Section 6.03. The obligations of the Borrower under Sections 3.05 and 3.06 of this Agreement shall cease and determine on the date on which this Agreement shall terminate or on the Closing Date,

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:		
(a) for Part B.1(a) of the Project	27,810,000	90%
(b) for Part B.1(b) of the Project	10,090,000	100%
(2) Roofing Materials for Part B.2 of the Project	360,000	100%
(3) Vehicles and Office Equipment	150,000	100% of foreign expenditures and 90% of local expenditures
(4) Consultants' Services and Studies	2,170,000	100%
Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(5) Local Training and Training Materials	1,300,000	100%
(6) Operating Costs	720,000	100%
(7) Unallocated	4,300,000	

TOTAL	46,900,000 =====	

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;

(c) the term "local training" means expenditures for workshops, courses and other forms of training, each as are approved by the Association; and

(d) the term "operating costs" means incremental operating costs such as expenditures for office supplies, vehicle and equipment maintenance, and field allowances for COs and other staff, incurred by the CU in carrying out the Project.

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; and

(b) under Category (1) (a) until the Borrower shall have opened the Primary School Project Account and deposited therein an aggregate of \$400,000 equivalent.

SCHEDULE 2

Description of the Project

The objectives of the Project are to increase the level of learning and enrollment in the Borrower's primary schools, in part through increased teacher instructional and student learning time, improved quality of instruction and upgraded school facilities.

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: Primary School Management

1. Improving the effectiveness of primary school headteachers in school supervision activities through: (a) strengthened recruitment procedures, (b) provision of manuals and guidebooks, and (c) training.

2. Implementation of a program to increase community involvement in primary school management (in particular with respect to classroom construction activities, selection of headteachers, and supervision of teachers and headteachers), and execution of related orientation programs for district level officials and community leaders.

3. Strengthening the institutional capacity of MOE to plan, implement and monitor school construction activities through the strengthening of the SBS's operational capacity, the preparation of a detailed primary school mapping study and other measures.

Part B: Construction of Primary School Facilities

1. Upgrading the facilities at about 2,000 primary schools through:

(a) the construction, with community participation, of about 11,000 classrooms; and

(b) the construction of about 2,000 headteacher houses, with ventilated latrines.

2. Rehabilitation and installation of roofs for about 1,550 classrooms at about 600 primary schools.

* * *

The Project is expected to be completed by June 30, 1997.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines). For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed

beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

2. To the extent practicable, contracts for classroom pavilion construction shall be grouped into bid packages estimated to cost the equivalent of \$3,000,000 or more.

3. Goods shall be exempted from preshipment price inspection by a third party inspection firm.

4. In the procurement of goods in accordance with this Part A, the Borrower shall use the relevant sample bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. When no relevant sample bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Ghana may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Items or groups of items for vehicles estimated to cost the equivalent of \$100,000 or less per contract, up to an aggregate amount equivalent to \$200,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association

2. Items or groups of items for works to construct headteacher houses may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers, to the extent practicable, eligible under the Guidelines, in accordance with procedures acceptable to the Association.

3. Items or groups of items for goods (other than vehicles) estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$200,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part E: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for goods and works estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall

be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Implementation Program

General Project Implementation

1. The Borrower shall carry out the Project under the coordination of the CU, including the SBS, and shall operate the units of the CU responsible for the Project under terms of reference and, in the case of the SBS, with staffing (including their qualifications and experience), satisfactory to the Association, which:

(a) terms of reference shall: (i) require the CU to furnish to the Association (1) annual work programs and budgets for Project implementation, and (2) semiannual reports regarding progress in implementing the Project, and (ii) provide for active field involvement by COs; and

(b) staffing shall include a project manager and two deputy project managers satisfying the conditions of Section 6.01 (a) of this Agreement.

2. MOE shall:

(a) implement, not later than December 31, 1993, a program to monitor instructional time, intakes, enrollments, dropouts, attendance and learning time of primary school students, to be conducted under terms of reference satisfactory to the Association;

(b) in connection therewith, complete not later than August 31, 1993, a baseline study of the schools targeted under Part B of the Project, under terms of reference satisfactory to the Association; and

(c) implement, beginning not later than January 1, 1994, an information campaign directed at districts regarding the impact of student fees and levies on primary school intakes and enrollments.

Part A of the Project

3. In carrying out Part A.1(a) of the Project, MOE shall implement recruitment procedures for primary school headteachers satisfactory to the Association, which shall require, among other things, that: (a) selection panels include local community leaders, and (b) applicants meet explicit minimum requirements and accept to serve at the school for four years.

4. In carrying out Part A.1(c) of the Project, MOE shall prepare annually, and thereafter implement, training programs, satisfactory to the Association, for primary school headteachers relating to school management, which programs shall provide for: (a) an initial 14-day training session (to be provided to about 2000 headteachers prior to the beginning of the 1994-1995 academic year), (b) two-day refresher review and planning workshops to be attended three times a year, and (c) subject specific in-service training sessions to be attended every two years.

5. In carrying out Part A.2 of the Project, MOE shall prepare annually, and thereafter implement, orientation programs, satisfactory to the Association, relating to classroom construction and other areas of school management:

(a) for district level officials, which programs shall provide for orientation sessions lasting about one and a half days, to be provided to about 660 participants every two years; and

(b) for community leaders, which programs shall provide for orientation sessions lasting about one and a half days, to be provided to about 6,000 participants every two years.

6. In carrying out Part A.3 of the Project, MOE shall:

(a) prepare annually, and thereafter implement semi-annually, training programs, satisfactory to the Association, for COs to increase their capacity to support and monitor classroom construction activities and effective primary school management; such programs shall provide for training sessions lasting about three days, to be provided to about 500 COs twice a year; and

(b) conduct a detailed school mapping of the approximately 1,500 smaller primary schools within MOE's school system in order to assist MOE in identifying school amalgamation options and school facilities in need of extensive rehabilitation.

Part B of the Project

7. In carrying out Part B.1(a) of the Project:

(a) the Borrower shall construct classroom pavilions for the schools set out in MOE's school construction list (agreed upon with the Association), as such list may be modified from time to time in accordance with guidelines satisfactory to the Association;

(b) the Borrower shall cause the classroom pavilions to be constructed in groups of three, consisting of a concrete slab floor, a wooden frame resting on metal footings and a corrugated aluminum roof (or conforming to any alternative design with equal or superior performance specifications for a similar cost);

(c) the Borrower shall require as a precondition to the construction of any classroom pavilion that the host community execute with MOE an agreement (in the form and substance agreed upon with the Association) which shall require, among other things, that: (i) the community prepare construction sites, clad pavilions, and maintain the classrooms, (ii) the community participate in supervising school matters, and (iii) the community (including its parent teachers' association) no longer impose any fees or levies on primary school students other than those approved by MOE; and

(d) the Borrower shall employ construction supervisors satisfying the requirements of Section 6.01(b) of this Agreement.

8. In carrying out Part B.1(b) of the Project:

(a) the Borrower shall contract for the construction of headteacher houses in accordance with procedures agreed upon with the Association, which shall provide, among other things, for: (i) a fixed unit price of not more than \$8,400 equivalent for the Upper East Region, the Upper West Region, the Northern Region and the northern parts of the Brong Ahafo and Volta Regions, and \$6,900 equivalent for all other parts, as such figures may be revised semi-annually with the accord of the Association, and (ii) payment of 90% of such cost upon a report of completion from the District Chief Executive and 10% upon certification from an independent technical auditor that the house meets the prescribed specifications;

(b) the Borrower shall require as a precondition to permitting any headteacher to occupy a newly constructed house that the headteacher execute with MOE a tenancy agreement (in form and substance satisfactory to the Association), which shall require, among other things: (i) headteacher action to increase teacher instructional time and student learning time, and (ii) payment of rent equal to about 2% of the headteacher's salary, such payment to be used for maintenance and repair to the house; and

(c) the Borrower shall employ a technical auditor, beginning not later than December 31, 1993, satisfying the requirements of Section 6.01(c) of this Agreement.

9. In carrying out Part B.2 of the Project, the Borrower shall:

(a) provide (distinctively colored) roofing sheets for the classrooms set out in MOE's classroom roofing list (agreed upon with the Association), as such list may be modified from time to time in accordance with guidelines satisfactory to the Association; and

(b) as a precondition thereto, ensure that the host community shall provide all necessary labor and additional materials.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (6) 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 to \$5,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment 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.

