

CONFORMED COPY

CREDIT NUMBER 2473 SE

Development Credit Agreement

(Second Human Resources Development Project - Education V)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 30, 1993

CREDIT NUMBER 2473 SE

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 30, 1993, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Association has received a letter dated November, 1992, from the Borrower describing a program of actions, objectives and policies designed to strengthen the management and operation of the Borrower's education sector (hereinafter called the Program), and declaring the Borrower's commitment to the execution of the Program;

(B) 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;

(C) the Borrower intends to contract from the Federal Republic of Germany acting through Kreditanstalt für Wiederaufbau (KfW) a grant (the KfW Grant), in an amount of approximately DM 10,000,000 to assist in financing the Project, on the terms and conditions set forth in an agreement (the KfW Grant Agreement) to be entered into between the Borrower and KfW;

(D) the Borrower intends to contract from the Republic of France a grant (the RF Grant), in an amount of approximately F 100,000,000 to assist in financing the Project, on the terms and conditions set forth in an agreement (the RF Grant Agreement) to be

entered into between the Borrower and the Republic of France; 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;

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) "CFA Franc" and "CFAF" means the currency of the Borrower;

(b) "DPRE" means MEN's Direction de la Planification et de la Reforme de l'Education;

(c) "IAS" means MEN's regional school inspection offices (the Inspections d'Academie);

(d) "INEADE" means MEN's Institut National d'Etudes et d'Action pour le Developpement de l'Education;

(e) "MEN" means the Borrower's Ministry of Education (the Ministere de l'Education Nationale);

(f) "PCU" means the project coordination unit established within MEN and conforming to the provisions of Section 6.01 (c) of this Agreement;

(g) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to letter agreements dated May 20, 1992 and February 26, 1993 between the Borrower and the Association;

(h) "School Construction Management Agency" means the agency or firm, approved by the Association, employed by the Borrower to carry out the construction and rehabilitation of schools under Parts A.1 (a) and (b) of the Project;

(i) "School Development Fund" has the meaning provided therefor in Part A.5 of the Project; and

(j) "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 twenty-nine million one hundred thousand Special Drawing Rights (SDR 29,100,000).

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

Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFA Francs a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against 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.

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

Section 2.03. The Closing Date shall be June 30, 1999 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 February 1 and August 1 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 February 1 and August 1, commencing August 1, 2003 and ending February 1, 2033. Each installment to and including the installment payable on February 1, 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 French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

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

(a) maintain its program of double-shift teaching in at least 30% of urban classrooms; and

(b) implement, beginning with the 1994-1995 academic year, a program to reduce repetition of students in primary education, satisfactory to the Association.

Section 3.04. The Borrower shall prepare, not later than October 31 of each year, and thereafter adopt and implement, an annual work program and budget, satisfactory to the Association, for implementation of the Project during the succeeding fiscal year.

Section 3.05. The Borrower shall implement the teachers' colleges restructuring program, agreed upon with the Association, relating, inter alia, to:

(a) the recruitment of teacher-trainees at a ratio of instituteurs-adjoints to instituteurs of 80 to 20;

(b) the implementation of one year instituteurs and instituteurs-adjoints degree programs;

(c) increase in the student/teacher ratios at the teachers' colleges to 14 to 1; and

(d) the reduction of the number of administrative staff and reassignment of redundant staff.

Section 3.06. The Borrower shall implement, beginning with the 1993-1994 academic year, a program, satisfactory to the Association, for training and deploying on an annual basis a sufficient number of school teachers (at an instituteurs-adjoints to instituteurs ratio of 80 to 20) to attain a gross primary enrollment rate of 65% by the 1997-1998 academic year.

Section 3.07 (a) The Borrower shall carry out, jointly with the Association, not earlier than April 1, 1995 and not later than October 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 impact of the Project and Program and other related policy measures on the efficiency of the education sector, (ii) the efficiency of classroom construction under the Project as compared to other possible implementation modalities, and the financing provided therefor by communities, (iii) progress in the execution of studies under Part B.1 of the Project, and (iv) the operation of the girls' enrollment pilot programs under Part A.2(c) of the Project and of the School Development Fund.

(b) MEN shall transmit to the Association, at least 90 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.

(d) The Borrower shall carry out, jointly with the Association, during the fourth quarter of each year (other than 1995), a review of the progress made in carrying out the Project and the Program.

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 three 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 events are specified:

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

(b) the KfW Grant Agreement or the RF Grant Agreement shall have failed to become effective by March 31, 1994, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement; and

- (c) (i) subject to subparagraph (ii) of this paragraph:
 - (A) the right of the Borrower to withdraw the proceeds of any loan or grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms thereof, or
 - (B) any such loan shall have become due and payable prior to the agreed maturity thereof; and
- (ii) subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this

Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely that any event specified in paragraph (c) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (c) (ii) of that Section.

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 shall have entered into a management agreement with a School Construction Management Agency under terms and conditions satisfactory to the Association;

(b) the Borrower shall have adopted an operational plan, satisfactory to the Association, to carry out the textbook supply and distribution system and the revolving textbook fund under Part A.3 of the Project;

(c) the Borrower shall have established the PCU under terms of reference (including staffing) acceptable to the Association, and the PCU's director, senior education advisor, project administrator, accountant and procurement officer, each with qualifications and experience satisfactory to the Association, shall have been employed under terms of reference acceptable to the Association and shall be in place;

(d) the Borrower shall have employed an independent auditor, satisfactory to the Association, under terms and conditions satisfactory to the Association;

(e) the Borrower shall have prepared bid packages, acceptable to the Association, for the procurement of goods and works agreed upon with the Association; and

(f) the Association shall have received the audit reports required under (i) the Development Credit Agreement (First Energy Sector Rehabilitation Project), dated October 27, 1986, (ii) the Development Credit Agreement (Financial Sector Adjustment Credit), dated December 18, 1989, and (iii) the Development Credit Agreement (Fourth Structural Adjustment Credit), dated February 9, 1990, each between the Borrower and 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.

ARTICLE VII

Representatives of the Borrower; Addresses

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

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

For the Borrower:

Ministcre de l'Economie et
des Finances
Rue Charles Laine
B.P. 4017
Dakar
Senegal

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
the Project (other than Part A.5)		
(4) Equipment, Vehicles, Supplies and Library Books under the Project (other than Part A.5)	2,000,000	100%
(5) Consultants' Services and Training under the Project	4,500,000	100%
(6) School Develop- ment Fund	750,000	100%
(7) Pilot Programs under Part A.2(c) of the Project	300,000	100%
(8) Incremental Operating Costs	400,000	100%
(9) Refunding of Project Preparation Advance	600,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(10) Unallocated	1,950,000	
TOTAL	29,100,000 =====	

2. For the purposes of this Schedule:

(a) the term "School Development Fund" means expenditures for school furniture, books and other costs incurred by schools under the School Development Fund;

(b) the term "pilot programs" means expenditures for school furniture, equipment, consultants' services and other costs incurred by MEN in carrying out any pilot program under Part A.2(c) of the Project;

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

(d) the term "incremental operating costs" means the costs for office supplies, vehicle and machinery operation and maintenance, and field allowances, incurred by MEN under Parts A.2(a) and A.5 of the Project, and by DPRE and the PCU under 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 (6) until the Borrower shall have (i) adopted terms of reference, satisfactory to the Association, for the operation of the School Development Fund, and (ii) employed an auditor, with qualifications and experience and under terms and conditions satisfactory to the Association, to conduct semiannual

technical audits of the operation of such fund.

SCHEDULE 2

Description of the Project

The objectives of the Project are to (i) improve the quality and efficiency of, and increase access to, primary education, (ii) improve the quality and efficiency of secondary and tertiary education, and (iii) increase the capacity of the Borrower to manage the education sector.

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

Part A: Primary Education Access, Quality and Efficiency

1. (a) Increasing the number of student places in primary education, primarily in rural areas, through the construction of about 1,310 classrooms.

(b) Improving the condition of primary education classrooms through the rehabilitation of about 1,080 existing classrooms.

(c) Implementation of a primary education classroom maintenance program.

2. Promoting increased girls' enrollment in primary education through, inter alia:

(a) development and implementation of a national information campaign to advertise the benefits of educating girls;

(b) development and implementation of a program to identify and eliminate disincentives to girls' enrollment from school policies and textbooks; and

(c) development and implementation of MEN pilot programs in selected districts to increase girls' enrollment.

3. Establishment and operation of (a) a textbook supply and distribution system, including the acquisition and distribution of about 1,180,000 new textbooks for grades 3 to 6 and about 52,000 teachers' guides, and (b) a revolving textbook acquisition fund.

4. Increasing the expertise of teachers through strengthened pre-service and in-service training, including the rehabilitation of teachers' colleges.

5. Establishment and operation by MEN of a pilot fund (the School Development Fund) to support school-initiated programs to improve the quality of, and increase girls' enrollment in, primary education.

6. Establishment and operation of a national student achievement evaluation system, focused on mathematics, French and sciences in grades 2, 4 and 6.

Part B: Secondary and Tertiary Education Quality and Efficiency

1. Design and execution of studies to develop medium- and long-term programs to improve the quality and efficiency of secondary education.

2. Improving the quality of secondary education through: (a) the rehabilitation of classrooms, and (b) the rehabilitation and stocking of libraries.

3. Improving the quality of education at the University Cheikh Anta Diop through the stocking of libraries and rehabilitation of facilities.

Part C: Management of Education Sector

1. Improving the efficiency of MEN's planning and management functions, including the decentralization of planning activities, through:

(a) the transfer to IAs of responsibility for the collection and analysis of regional education data and the preparation of regional education plans;

(b) strengthening the institutional capacity of IAs to conduct school supervision, planning and in-service teacher training, and the related equipping of inspectorates, training of staff and rehabilitation of facilities; and

(c) strengthening the institutional capacity of DPRE (i) to collect and analyze national education statistics, (ii) to train education planners at the IAs and Inspections Departementales, and (iii) to prepare national education plans.

2. Conducting studies to prepare and design education sector development initiatives.

* * *

The Project is expected to be completed by December 31, 1998.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C 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 Bank, 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 goods and works shall be grouped into bid packages estimated to cost the equivalent of \$500,000 or more.

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 Senegal 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: Other Procurement Procedures

1. Items or groups of items for (a) works under Parts B and C of the Project, estimated to cost the equivalent of \$500,000 or less per contract, up to an aggregate amount equivalent to \$5,500,000, (b) works under Part A.1 (a) of the Project, up to an aggregate amount equivalent to \$8,500,000, (c) school furniture, up to an aggregate amount equivalent to \$4,500,000, (d) other furniture, up to an aggregate amount equivalent to \$200,000, and (e) equipment and office supplies, up to an aggregate amount equivalent to \$100,000,

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 office supplies and spare parts and vehicles, estimated to cost the equivalent of \$30,000 or less per contract, up to an aggregate amount equivalent to \$150,000, 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 D: 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 (i) goods and works estimated to cost the equivalent of \$250,000 or more, and (ii) works under Part A.1(a) of the Project for which there are less than five bidders, 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

1. 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 (the Consultant Guidelines).

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior Association review or approval requirements shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single-source hiring of firms, to assignments of a critical nature as reasonably determined by the Association, and to amendments of contracts raising the contract value to \$100,000 equivalent or above.

SCHEDULE 4

Implementation Program

1. The Borrower shall operate the PCU under terms of reference (including staffing) acceptable to the Association, and shall not replace any staff referred to in Section 6.01 (c) of this Agreement without the prior consent of the Association.

Part A of the Project

2. The classrooms to be constructed under Part A.1(a) of the Project shall be distributed as follows: (i) about 260 in the Diourbel Region, (ii) about 160 in the Louga Region, (iii) about 240 in the Tambacounda Region, (iv) about 360 in the Kaolack Region, (v) about 215 in the Fatick Region, and (vi) about 75 in the Kolda Region, with about 80% of such classrooms to be located in rural areas.

3. In carrying out Parts A.1 (a) and (b) of the Project, the Borrower shall comply with, and shall cause the School Construction Management Agency to comply with, the terms of the management agreement entered into in accordance with Section 6.01(a) of this Agreement, and shall not assign, amend, abrogate or waive such management agreement or any provision thereof without the consent of the Association.

4. (a) In carrying out Part A.2 of the Project, MEN shall complete, not later than June 30, 1994, studies, conducted under terms of reference acceptable to the Association, regarding barriers to girls' enrollment and school attendance.

(b) In carrying out Part A.2(a) of the Project, MEN shall implement, not later than December 31, 1994, a national information campaign to increase girls' enrollment, satisfactory to the Association, designed to take into account the results of the studies described in the preceding paragraph.

(c) In carrying out Part A.2(b) of the Project, MEN shall complete, not later than June 30, 1995, studies, conducted under terms of reference satisfactory to the Association, identifying and analyzing potential disincentives to girls' enrollment contained in school policies and textbooks.

(d) In carrying out Part A.2(c) of the Project, MEN shall: (i) target districts where girls' enrollment is less than 41%, and (ii) not later than August 31, 1995, implement pilot programs, satisfactory to the Association, for increasing girls' enrollment.

5. In carrying out Part A.3 of the Project, the Borrower shall operate the textbook supply and distribution system and the revolving textbook fund in accordance with the operational plan provided for under Section 6.01 (b) of this Agreement, as such plan may be modified from time to time with the consent of the Association.

6. In carrying out Part A.3 of the Project, INEADE shall be responsible for (i) establishing the specifications for, and evaluating, the textbooks, under guidelines satisfactory to the Association, and (ii) related training.

7. In carrying out Part A.4 of the Project, the Borrower: (a) shall rehabilitate the teachers' colleges as agreed upon with the Association, and (b) shall establish and operate regional training programs for teachers, teacher trainers, school principals, and inspectors.

8. The Borrower shall operate (a) the School Development Fund, and (b) the national student achievement evaluation system under Part A.6 of the Project, under terms of reference satisfactory to the Association.

Part B of the Project

9. In carrying out Part B.1 of the Project, the Borrower shall undertake studies, under terms of reference satisfactory to the Association, regarding the supply, quality, cost, financing and management of secondary education.

10. In carrying out Part B.2 of the Project, the Borrower shall implement the work program, agreed upon with the Association, regarding rehabilitation of classrooms in 6 junior high schools, and rehabilitation and stocking of libraries in 15 high schools.

11. In carrying out Part B.3 of the Project, the Borrower shall stock libraries and rehabilitate sanitary, electrical and other facilities at the University Cheikh Anta Diop pursuant to work programs satisfactory to the Association.

Part C of the Project

12. In carrying out Part C.1 of the Project, the Borrower shall:

(a) provide computers, furniture, other equipment and vehicles to DPRE and the IAs, and rehabilitate facilities at about eight IAs, as agreed upon with the Association;

(b) prepare, on an annual basis, and thereafter implement, a training program for DPRE and IA staff, satisfactory to the Association; and

(c) carry out a study, under terms of reference satisfactory to the Association, to evaluate alternative programs for training education planners.

13. In carrying out Part C.2 of the Project, MEN shall undertake studies to develop the education sector under terms of reference satisfactory to the Association.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (8) 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 CFAF 75,000,000 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 their 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.

