

CONFORMED COPY

CREDIT NUMBER 3597 BUR

Agreement Providing for the Amendment and Restatement of the Development Credit Agreement

(Basic Education Sector Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 16, 2006

AGREEMENT, dated May 16, 2006, between BURKINA FASO (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association);

WHEREAS (A) the Borrower and the Association have agreed to amend the Development Credit Agreement between the Borrower and the Association dated January 31, 2002 (hereinafter referred to as the "Development Credit Agreement") in the manner as herein set forth, in order to, *inter alia*, reflect in the provisions of the Development Credit Agreement the increased use of the Borrower's country systems, the transfer of BFE's obligations to the Borrower, the increased level of coordination among the technical and financial partners providing support to the Borrower for the implementation of its Program under a sector wide approach, and the resulting modifications of the procedures pursuant to which the funds of the Credit and other sources of financing of the Program are contributed and disbursed.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The Development Credit Agreement is hereby amended and restated so as to read as set forth in this annex hereto.

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

BURKINA FASO

By /s/ Jean-Baptiste Marie Pascal Compaoré

Authorized Representative

ASSOCIATION INTERNATIONAL DEVELOPMENT

By /s/ Mats Karlsson

Authorized Representative

**ANNEX TO THE AGREEMENT PROVIDING FOR AN AMENDMENT AND
RESTATEMENT OF THE DEVELOPMENT CREDIT AGREEMENT DATED
JANUARY 21, 2002**

CREDIT NUMBER 3597 BUR

**Amended and Restated
Development Credit Agreement**

(As Amended and Restated on May 16, 2006)

(Basic Education Sector Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 31, 2002

CREDIT NUMBER 3597 BUR

AMENDED AND RESTATED DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated January 31, 2002, between BURKINA FASO (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association), as amended pursuant to the Agreement Providing for an Amendment and Restatement of the Development Credit Agreement, signed by the Association on May 16, 2006, and the Borrower on May 16, 2006.

WHEREAS (A) the Association has received a letter from the Borrower, dated November 16, 2001, complementing Decree 2001-119/PRES/PM/MEBA dated May 2, 2001, describing a program of actions, objectives and policies designed to support the implementation of the Borrower's Basic Education Ten-Year Program (hereinafter called the Program);

(B) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, and which forms part of the Program, has requested the Association to assist in the financing of the Project; 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 (as amended through October 6, 1999) (the General Conditions), constitute an integral part of this Agreement:

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly renumbered as paragraphs (13) through (15):

“12. ‘Participating Country’ means any country that the Association determines meets the requirements set forth in Section 11 of Resolution No. 194 of the Board of Governors of the Association, adopted on April 8, 1999; and ‘Participating Countries’ means, collectively, all such countries.” ; and

(b) the second sentence of Section 5.01 is modified to read:

“Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.”

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

(a) “AIDS” means the Acquired Immune Deficiency Syndrome;

(b) “Annual Work program” means each plan and budget prepared annually by MEBA (as hereinafter defined) in accordance with Section 12 of Schedule 4 to this Agreement;

(c) “BCEAO” means *Banque Centrale des Etats de l’Afrique de l’Ouest*, the central bank for the Borrower and the other members of the West African Monetary Union;

(d) “Beneficiary” means an entity (including a parents’ association, a village, or a group of villages), which meets the eligibility criteria specified in the Implementation Manual (as hereinafter defined) and to which or for whose benefit a Grant is made, or proposed to be made, for a Subproject under Parts A and B of the Project;

(e) “BPE” means *Bureau des Projets Education*, the Project management unit within the MEBA (as hereinafter defined), referred to in paragraph 3 of Schedule 4 to this Agreement;

(f) “CASEM” means *Conseil d’administration du secteur ministériel*, the Borrower’s oversight and review board, established pursuant to the Borrower’s Law Number 013/98/AN, dated April 28, 1998, providing oversight and policy guidance over the Program and responsible for the mobilization and allocation of resources, the approval of annual work

programs and budgets, Program progress review, and donor coordination, which board of directors includes representatives of the Borrower's Ministry of Finance and Economy, the Ministry of Civil Service and Institutional Development, the Ministry of Decentralization and Communities, the students' parent associations, the teachers' unions, as well as the donor community, referred to in paragraph 2 of Schedule 4 to this Agreement;

(g) "CBNEF" means *Centre d'éducation de base non-formelle*, an out-of-school children center;

(h) "CFAF" means *Franc de la Communauté Financière Africaine*, the currency of the Borrower;

(i) "DAF" means *Direction des Affaires Administratives et Financières*, the Directorate of Administration and Finance in the Borrower's line ministries;

(j) "Eligible Categories" means: (i) Categories (1) through (2) and (4) through (5) set forth in the table in Part A.1 of Schedule 1 to this Agreement in respect of Special Account A (as hereinafter defined); (ii) Category (3) set forth in the table in Part A.1 of Schedule 1 to this Agreement in respect of Special Account B (as hereinafter defined); and (iii) Category (8) set forth in the table in Part A.1 of Schedule 1 to this Agreement in respect of the Pooled Account (as hereinafter defined);

(k) "Eligible Expenditures" means the expenditures for goods and services referred to in Section 2.02 (a) of this Agreement in respect of Special Account A, Special Account B, and the Pooled Account, to be financed out of the proceeds of the Credit allocated from time to time to said Special Accounts' respective Eligible Categories;

(l) "Financial Partners" means a financial institution participating in the financing of the Program, who has signed the MOU, and has not withdrawn from the MOU;

(m) "Fiscal Year" or "FY" means the fiscal year of the Borrower starting January 1 and ending December 31, each calendar year;

(n) "HIV" means the Human Immuno-Deficiency Virus;

(o) "IEC" means Information, Education and Communication;

(p) "Implementation Manual" means the Implementation Manual to be adopted pursuant to the provisions of Section 6.01 (a), for the implementation of all the components of the Project, in form and substance satisfactory to the Association, and referred to in paragraph 1 of Schedule 4 to this Agreement and containing, inter alia, disbursement and procurement arrangements, work plans, training plans, the monitoring and performance

indicators set forth in Schedule 5 to this Agreement, and procedures to be used for the purposes of implementation of the Project, as they may be amended from time to time, in consultation with the Association, and such term includes any schedules to the Implementation Manual;

(q) “Initial Deposit” means the initial amount to be deposited in the Project Account pursuant to Section 6.01 (b), and referred to in Section 3.04 (b) of this Agreement;

(r) “MEBA” means *Ministère d'Education de Base et d'Alphabétisation*, the Borrower’s ministry of Basic Education and Literacy;

(s) “MOU” means the memorandum of understanding entitled “*Protocole de Financement Commun entre le Ministère des Finances et du Budget du Burkina Faso et les Partenaires Techniques et Financiers du Fonds Commun concernant le Plan Décennal de Développement de l'Education de Base (PDDEB)*” executed between the Borrower and the Financial Partners, including the Association, providing *inter alia* for common procedures on procurement, disbursement, cooperation and exchange of information;

(t) “NGO” means a non-governmental organization, operating under the laws of the Borrower;

(u) “Project Account” means the account referred to in Section 3.04 (a) of this Agreement;

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

(s) “Project Preparation Advance” means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on February 10, 1999 and on behalf of the Borrower on March 3, 1999;

(t) “Project Year” means the 12 month period beginning from the Effective Date and ending 12 months thereafter and each successive 12 month period following thereafter;

“Province” means one of the 45 provinces within the territory of the Borrower;

(u) “Province Workprogram” means the education-related activities included in a work program prepared annually by the Provinces and to be financed under a Province Workprogram Agreement (as hereinafter defined), under Part A of the Project;

(v) “Province Workprogram Agreement” means the agreement entered into between BPE and the Provinces, for the carrying out, each Project Year, of a specific program of education-related activities, under Part A of the Project; and

(w) “Province Workprogram Grant” means a grant made or to be made to a Province for the financing of a Workprogram under Part A of the Project

(x) “Special Accounts” means collectively Special Account A, Special Account B, and the Pooled Account, referred to in Section 2.02 (b) and (c) of this Agreement and Part B of Schedule 1 to this Agreement;

(y) “Subproject” means an activity or other initiative to be carried out by a Beneficiary under the Project, which, having met the eligibility criteria set out in the Implementation Manual and the provisions of paragraphs 7 and 8 of Schedule 4 to this Agreement, is eligible for financing, through a Subproject Grant, under Parts A and B of the Project;

(z) “Subproject Grant” means a grant made or to be made to a Beneficiary for the financing of a Subproject under Parts A and B of the Project;

(aa) “Subproject Grant Agreement” means an agreement to be entered into between Beneficiaries and BPE for the purpose of carrying out a Subproject.

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-five million six hundred thousand Special Drawing Rights (SDR 25,600,000).

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: (i) amounts paid (or, if the Association shall so agree, amounts to be paid) by the Borrower on account of withdrawals made under a Subproject Grant or a Province Workprogram to meet the reasonable costs of goods, works and services required for a Subproject to be financed under Parts A and B, or a Province Workprogram to be financed under Part A, of the Project; (ii) expenditures made (or if the Association shall so agree, to be made) in respect of the

reasonable cost of goods, works and services required for the Project and to be financed under Parts A, B, and C of the Project; and (iii) a percentage of amounts paid by the Borrower for the implementation of its Annual Workprogram, to be financed under Part D of the Project.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFAF 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. The first of the Special Accounts (Special Account A) shall be used exclusively for Parts A, B and C of the Project, and the second Special Account (Special Account B) shall be used exclusively for Subprojects under Parts A and B of the Project. Deposits into, and payments out of the Special Accounts shall be made in accordance with the provisions of Part B of Schedule 1 to this Agreement.

(c) The Borrower shall, for the purpose of the Project, open and maintain in CFAF a special deposit account (the "Pooled Account") in BCEAO on terms and conditions satisfactory to the Association, including appropriate protection against set off, seizure or attachment. The Pooled Account shall be used exclusively for Part D of the Project. Deposit into, and payments out of the Pooled Account shall be made in accordance with the provisions of Part B of Schedule 1 to this Agreement.

(d) 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 June 30, 2008 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 May 15 and November 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 May 15 and November 15 commencing May 15, 2012 and ending November 15, 2041. Each installment to and including the installment payable on November 15, 2021 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, shall carry out the Project, with due diligence and efficiency and in conformity with appropriate administrative, financial and educational practices, 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. For the purposes of Section 9.06 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 designed to ensure the sustainability of the Project; and

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

Section 3.04. Without limitation on the provisions of Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain, until the completion of the Project, a Project Account, in the Borrower's Treasury, on terms and conditions satisfactory to the Association;

(b) promptly thereafter make an initial deposit into the Project Account in an amount equivalent to \$600,000 to finance the Borrower's initial contributions to the expenditures under the Project;

(c) thereafter, at semiannual intervals, deposit into the Project Account such amounts as are estimated to be required for the ensuing six-month period and as shall be agreed upon between the Borrower and the Association; and

(d) ensure that the amounts deposited into the Project Account in accordance with paragraphs (b) and (c) of this Section shall be used exclusively to finance the Borrower's contribution to the expenditures under the Project and not otherwise financed out of the proceeds of the Credit and any other financing facility provided by any other Financial Partner.

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 Project Management Reports or 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 Project Management Reports or 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.

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 eighteen months after the Effective Date, or such later date as the Association shall agree, to prepare quarterly Project Management Reports with respect to Categories (1) through (5) and Category (8), 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, with respect to Categories (1) through (5), projected sources and applications of funds for the Project for the six-month 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, with respect to Categories (1) through (5), 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 (l) of the General Conditions, the following additional events are specified:

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

(b) (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 Program shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(B) any such loan shall have become due and payable prior to the agreed maturity thereof.

- (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 Program 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 (h) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (d) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (d) (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 has adopted the Implementation Manual;
- (b) the Borrower has opened the Project Account and made therein the Initial Deposit;
- (c) the Borrower has established an accounting and financial management system for the Project, satisfactory to the Association;
- (d) the Borrower has appointed the independent auditors referred to in Section 4.01 (b) of this Agreement, under terms and conditions acceptable to the Association, in accordance with the provisions of Section II of Schedule 3 to this Agreement;
- (e) the Borrower has submitted to the Association a procurement plan, in form and substance satisfactory to the Association, for the first year of the Project;
- (f) the Borrower has submitted to the Association an environmental assessment, in form and substance satisfactory to the Association; and

(g) the Borrower has appointed the staff of the BPE and the Provinces in accordance with paragraphs 3 (b) and 4 of Schedule 4 to this Agreement.

Section 6.02. The date one hundred and twenty days (120) 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 at the time 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:

Ministry of Finance and Budget
03 BP 7008
Ouagadougou 03
Burkina Faso

Cable address:	Telex:	Facsimile:
SEGEGOUV	5555	(226) 31 27 15 or (226) 31 54 09

For the Association:

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

Cable address:	Telex:	Facsimile:
INDEVAS	248423 (MCI) or	(202) 477-6391

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 District of Columbia, United States of America, as of the day and year first above written.

BURKINA FASO

By /s/ Tertius Zongo
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Oey A. Meesook
Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

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:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Goods and Vehicles	2,330,000	100% of foreign expenditures and 80% of local expenditures
(2) Consultants' services and training	2,700,000	100%
(3) Subproject Grants	150,000	100% of amounts disbursed
(4) Province Workprogram Grants	3,840,000	100% of amounts disbursed
(5) Operating costs	470,000	80%
(6) Refunding of Project Preparation Advance	750,000	Amount due pursuant to Section 2.02 (c) of ...this Agreement
(7) Unallocated	0	
(8) Annual Workprogram Expenditures financed under the Annual Workprograms, including civil works, goods and vehicles and associated materials, consultants' services and training, Subproject Grants, Province Workprograms Grants and Operating Costs, after Fiscal Year 2005	15,360,000	Such percentage of the Annual Workprogram Expenditures as the Association may determine for each Fiscal Year, as confirmed in the Fiscal Year Confirmation
Total	<u>25,600,000</u>	

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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 the goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be “foreign expenditures”; and

(c) the term “Operating costs” means the incremental operating costs incurred on account of Project implementation, management and monitoring, including office supplies, office space rental and utilities, Special Accounts banking charges, audits, communications, maintenance and insurance of vehicles, fuel, travel per diems and allowances for staff, travel and accommodations, and contractual staff recruited to work with BPE, but excluding salaries of officials of the Borrower’s civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement;

(b) expenditures under Category (3) for any Subproject Grants, or expenditures under Category (4) for any Province Workprogram Grants, unless such Subproject Grant or Province Workprogram Grant has been approved in accordance with the eligibility criteria, procedures and terms and conditions set forth in paragraphs 8 through 11 of Schedule 4 to this Agreement and further described in the Implementation Manual; and

(c) expenditures under Category (8) unless: (A) the MOU has been signed among the Borrower and the Financial Partners including the Association; (B) the Annual Workprogram for the relevant Fiscal Year has been approved by the Financial Partners and the Association has confirmed in writing (the Fiscal Year Confirmation) such approval and the percentage of Annual Workprogram Expenditures to be financed by the Association for such Fiscal Year.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures and Project Management Reports for: (i) goods under contracts not exceeding \$100,000 equivalent each; (ii) consulting firms under contracts not exceeding \$100,000 equivalent each; (iii) individual consultants under contracts not exceeding \$50,000 equivalent each; and (iv) Province Workprogram Grants, Subproject

Grants, Operating costs and training, all under such terms and conditions as the Association shall specify by notice to the Borrower.

B. Special Accounts

1. The Borrower shall open and maintain in CFAF, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment three special deposit accounts, namely: (a) Special Account A in a commercial bank for Parts A, B and C of the Project; (b) Special Account B in a commercial bank for Subprojects under Parts A and B of the Project; and (c) the Pooled Account in BCEAO for Part D of the Project. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into the respective Special Account in accordance with the provisions of this Schedule. Payments out of each Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of a 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.

2. (A) Except as the Association shall otherwise agree, after the Association has received evidence satisfactory to it that a Special Account has been duly opened, withdrawals from the Credit Account of amounts to be deposited into the said Special Account shall be made as follows:

(a) each application for withdrawal from the Credit Account shall be supported by a Project Management Report; and

(b) upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the said Special Account an amount equal to the lesser of: (i) the amount so requested; or (ii) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said report to be remaining in the said Special Accounts, shall not exceed the equivalent of CFAF 2,000,000,000 in respect of Special Account A and CFAF 60,000,000 in respect of Special Account B. Each such deposit into the said Special Accounts shall be withdrawn by the Association from the Credit Account under one or more of the said Special Accounts' Eligible Categories.

(B) Withdrawals from the Credit Account of amounts to be deposited into the Pooled Account shall be made as follows:

(a) each application for withdrawal from the Credit Account shall be supported by the Association's Fiscal Year Confirmation, for the relevant Fiscal Year;

(b) upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the said Special Account an amount equal to the lesser of: (i) the amount so requested; or (ii) the amount which, when aggregated with all amounts already withdrawn for the financing of such Annual Workprogram, does not exceed the amount of the Annual Workprogram Expenditures to be financed by the Association for such Fiscal Year, as indicated in the Fiscal Year Confirmation; and

(c) no withdrawal shall be made by the Borrower directly from the Credit Account for the financing of Annual Workprogram Expenditures.

3. (A) Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into Special Account A or Special Account B:

(a) if the Association determines at any time that any Project Management Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

(b) if the Association determines at any time that all further withdrawals should be made by the Borrower directly from the Credit Account; or

(c) 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: (i) the records and accounts for a Special Account; or (ii) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

(B) Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into the Pooled Account:

(a) if the Association determines at any time that any Project Management Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement; or

(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: (i) the records and accounts for the Pooled Account; or (ii) the records and accounts reflecting

expenditures with respect to which withdrawals were made on the basis of Project Management Reports and Fiscal Year Confirmations.

4. The Association shall not be required to make further deposits into any of the Special Accounts in accordance with the provisions of Part B.2 of this Schedule 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 Section 5.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into a Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

5. (a) If the Association determines at any time that any payment out of a Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into the said Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment.

(b) If the Association determines at any time that any amount outstanding in Special Account A or Special Account B will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount. If the Association determines at any time that any amount withdrawn from the Credit Account outstanding in the Pooled Account will not be required to finance the percentage of Annual Workprogram Expenditures to be financed by the Association for such Fiscal Year as confirmed in the Fiscal Year Confirmation, the Borrower shall, promptly upon notice from the Association, refund to the Association the Association's prorata share of 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 a Special Account.

(d) Refunds to the Association made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 5 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

Annex A
to
SCHEDULE 1
Operation of Special Account A and Special Account B
When Withdrawals Are Not Made
On the Basis of Project Management Reports

1. For the purposes of this Annex the term “Authorized Allocation” means: (i) in respect of Special Account A, an amount equivalent to CFAF 2,000,000,000 to be withdrawn from the Credit Account and deposited into such Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount equivalent to CFAF 1,000,000,000, until the aggregate amount of withdrawals from the Credit Account of amounts allocated to said Special Account’s Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall equal or exceed the equivalent of SDR 12,000,000; and (ii) in respect of Special Account B, an amount equivalent to CFAF 60,000,000 to be withdrawn from the Credit Account and deposited into such Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount equivalent to CFAF 30,000,000, until the aggregate amount of withdrawals from the Credit Account of amounts allocated to said Special Account’s Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall equal or exceed the equivalent of SDR 4,000,000.

2. Withdrawals of Special Account A or Special Account B’s Authorized Allocation and subsequent withdrawals to replenish the said Special Account shall be made as follows:

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

(b) For replenishment of the said Special Account, the Borrower shall furnish to the Association requests for deposit into the said Special Account at such intervals as the Association shall specify. 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 Part B.3 of Schedule 1 to this Agreement 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 said 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 said Special Account for Eligible Expenditures. Each such deposit into the said Special Account shall be withdrawn by the Association from the Credit Account under one or more of the said Special Account's Eligible Categories.

3. The Association shall not be required to make further deposits into a Special Account, once the total unwithdrawn amount of the Credit allocated to said Special Account's 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 in respect of expenditures to be financed out of the proceeds of the Credit allocated to said Categories, shall equal the equivalent of twice the amount of the said Special Account's Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to said 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 said Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

Annex B
to
SCHEDULE 1
Operation of Special Account A and Special Account B
When Withdrawals Are Made
On the Basis of Project Management Reports

1. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into a Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into a Special Account shall be withdrawn by the Association from the Credit Account under one or more of the said Special Account's Eligible Categories.

2. Each application for withdrawal from the Credit Account for deposit into Special Account A or Special Account B shall be supported by a Project Management Report.

3. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into Special Account A or Special Account B, as the case may be, an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the said Special Account, shall not exceed the equivalent of CFAF 2,000,000,000 in respect of Special Account A and CFAF 60,000,000 in respect of Special Account B.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in its efforts to implement the Program, which includes: (i) improving the access to, and quality of, basic education; (ii) strengthening the education sector's financial sustainability; and (iii) enhancing the financial management, budgeting, procurement, monitoring, evaluation and donor coordination of MEBA.

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: Improving Access to Basic Education

1. Construction and rehabilitation of primary schools

Improving access to primary education, through: (i) construction and equipment of new primary school classrooms; (ii) the rehabilitation and equipment of classrooms, through Province Workprograms; (iii) small works at school-based level through Subprojects and Province Workprograms; and (iv) provision of technical advisory services, training and equipment under Province Workprograms.

2. Girls Education

Improving girls' enrollment in basic education, through: (i) IEC campaigns to sensitize the population to the benefits of girls education; (ii) scaling up and providing support to mothers' associations; and (iii) the design of tutoring programs to prevent girls' repetition and dropout, all through the provision of technical advisory services, training, and equipment.

3. Adult Literacy Programs

Development of a strategy for adult literacy, including development of: (i) structured learning activities for neo-literates directly linked to their social and economic activities; (ii) local newspapers; (iii) publications in national languages; and (iv) village libraries, all through the provision of technical advisory services, training, and equipment.

4. Special Needs Education for Out of School Children

Strengthening special needs education for out of school children, by strengthening the CBNEF and harmonize donor interventions in this field, all through the construction of bilingual schools under the Workprograms, provision of technical advisory services, training and equipment.

Part B: Improving Quality and Efficiency of Basic Education

Consolidation and scaling up activities to improve the quality and efficiency of basic education, by: (i) reforming the curriculum; (ii) improving the pre and in-service teacher training programs; (iii) the provision of pedagogical materials; (iv) improving the students' nutrition and health status, including preventive measures against HIV/AIDS infections; (v) support of school-based quality initiatives through the financing of Subprojects, and evaluation of learning outcomes; and (vi) early childhood development, all through the provision of technical advisory services, training and the acquisition of computers, equipment and vehicles.

Part C: Institutional and Administrative Capacity Building of MEBA

Increasing the productivity in MEBA, and its capacity to manage resources and to move towards a decentralized sector planning and management, through the provision of technical advisory services, training and the acquisition of computers, equipment and vehicles.

Part D: Annual Workprograms

Carrying of two (2) Annual Workprograms for: (i) the improvement of access to basic education; (ii) the improvement of quality and efficiency of basic education; and (iii) institutional and administrative capacity building of MEBA.

* * *

The Project is expected to be completed by December 31, 2007.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

1. Goods and works included in Categories (1) and (3) through (5) 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 (with respect to Categories (1) and (5), the "Guidelines"); and (b) the following provisions of Section I of this Schedule. In paragraphs 1.6 and 1.8 of the Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

2. Goods and works included in Category (8) procured under International Competitive Bidding process shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004. Goods and works included in Category (8) procured locally may be procured in accordance with the Borrower's (*Réglement Général des Achats Publics* and texts for its application) dated October 2003. (hereinafter collectively referred to as the "Borrower's Procurement Law"). Should any provision of the Borrower's Procurement Law be amended or waived without IDA's prior written consent, all goods and works included in the Project shall be procured in accordance with the Guidelines, notwithstanding any provision of the Borrower's Procurement Law.

Part B: International Competitive Bidding

1. Except as otherwise provided in Parts A and C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods included in Categories (1) and (3) through (5) shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each, and

contracts for goods included in Category (8) shall be grouped in bid packages estimated to cost \$150,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.55 and 2.56 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

C. I. Other Procurement Procedures applicable to goods included in Categories (1) and (3) through (5).

1. National Competitive Bidding

Goods estimated to cost less than \$100,000 equivalent per contract and works estimated to cost less than \$200,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National and International Shopping

Except as otherwise provided in paragraph 1 of this Part, goods estimated to cost less than \$20,000 equivalent per contract may be procured under contracts awarded on the basis of national or international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Direct Contracting

Goods which must be purchased from the original supplier to be compatible with existing equipment or are of a proprietary nature and costing less than \$5,000 equivalent per contract may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

4. Community Participation

Goods and works included in Categories 3 and 4 shall be procured in accordance with procedures described in the Implementation Manual and acceptable to the Association.

5. Procurement of Small Works

Works estimated to cost less than \$10,000 equivalent per contract 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.

C.II. Other Procurement Procedures applicable to goods included in Category (8).

1. Borrower's Procurement Law

All contracts for works and school furniture and contracts for goods estimated to cost less than \$150,000 equivalent per contract may be procured under contracts awarded in accordance with the Borrower's Procurement Law.

2. Direct Contracting

Goods estimated to cost more than \$50,000 equivalent per contract may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

3. Community Participation

Goods and works for Subprojects Grants and Province Workprograms Grants shall be procured in accordance with procedures described in the Implementation Manual and acceptable to the Association.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

2.1 With respect to: (a) each contract for goods and works included in Categories (1) and (3) through (5) estimated to cost the equivalent of \$100,000 and \$200,000 or more, respectively; (b) the first three contracts under National Competitive Bidding included in Categories (1) and (3) through (5); and (c) all direct contracting included in Categories (1) and (3) through (5), the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

2.2 With respect to: (a) each contract for goods included in Category (8) estimated to cost the equivalent of \$150,000 or more; (b) the first three contracts for works and school furniture included in Category (8); and (c) all direct contracting for goods estimated to cost the equivalent of \$50,000 or more included in Category (8), the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

1. Consultants' services included in Category (2) 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 Bank 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. In paragraph 1.10 of the Consultant Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

2. Consultants' services included in Category (8) estimated to cost more than \$100,000 shall be procured in accordance with: (a) Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines); and (b) the provisions of the following Parts of this Section II. All other consultants' services included in Category (8) will be procured in accordance with the Borrower's Procurement Law. Should any provision of the Borrower's Procurement Law be amended or waived without IDA's prior written consent, all services included in the Project shall be procured in accordance with the Consultants Guidelines, notwithstanding any provision of the Borrower's Procurement Law.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services included in Category (2) 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. The short list of consultants for services 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.

2. Except as otherwise provided in Part C of this Section, consultants' services included in Category (8) estimated to cost more than \$100,000 equivalent per contract 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 3.15 through 3.20 thereof applicable to quality- and cost-based selection of consultants. The short list of consultants for services estimated to cost less than \$100,000 equivalent per contract may comprise entirely national consultants in accordance with the provisions of paragraphs 2.6 and 2.8 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services for research from consulting firms, NGO's and research institutes estimated to cost less than \$50,000 equivalent per contract and training when training cost exceeds \$50,000 equivalent per contract included in Category (2), may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Single Source Selection

2.1 Services for: (a) training; (b) specific tasks estimated to cost less than \$10,000 equivalent per contract; and (c) the management of the nutrition component, included in Category (2) 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.

2.2 Services estimated to cost more than \$100,000 equivalent per contract, which meet the requirements of paragraphs 3.9 through 3.13 of the Consultant Guidelines, included in Category (2) may be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

3. Individual Consultants

3.1 Services of consultants for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines, included in Category (2), may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

3.2 Services of consultants for tasks estimated to cost more than \$100,000 equivalent per contract, that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines, included in Category (8), may 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 for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more,, included in Category (2), the procedures set forth in paragraphs 1, 2 and (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 for the employment of consulting firms estimated to cost the equivalent of \$50,000 or more, but less than the equivalent of \$100,000 included in Category (2), 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 \$50,000 or more included in Category (2), 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.

(d) With respect to: (i) each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, and (ii) each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, included in Category (8), 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. Furthermore, regardless of the contract estimated cost, all terms of references will be submitted to IDA's prior review.

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. Implementation Manual. The Borrower shall carry out the Project in accordance with the Implementation Manual, except as the Association shall otherwise agree, shall not amend or waive any provision of the Implementation Manual if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

2. CASEM: The Borrower shall maintain CASEM in a form and with functions, membership and resources, satisfactory to the Association.

3. BPE: (A) Until such date when BPE's functions have been transferred to the DAF of MEBA in form and with staffing and resources satisfactory to the Association: (a) The Borrower shall, within MEBA, maintain BPE, in a form and with functions, staffing and resources satisfactory to the Association. The functions of BPE shall include: (i) coordination with the Permanent Technical Secretariat (SPT) and DAF related to the carrying out of the Project; (ii) the monitoring and funding of activities under the Project; (iii) the management of the Special Accounts; (iv) the preparation of consolidated financial statements of the Project; (v) the arrangement of random Project audits to be carried out by independent auditors satisfactory to the Association; and (vi) all other financial reporting functions required under the Project.

(b) BPE shall have staff with qualifications and experience acceptable to the Association, including accounting, financial management and procurement personnel in adequate numbers, all of whom shall be appointed on terms and conditions satisfactory to the Association.

(c) BPE shall maintain a financial and accounting system, satisfactory to the Association, for the Project.

(B) As of the date when BPE's functions will have been transferred to the DAF of MEBA, in accordance with paragraph (7) of this Schedule, MEBA will undertake all BPE's obligations as described in (a) through (c) above.

4. Provincial Staffing

The Provinces shall have staff with qualifications and experience acceptable to the Association, including accountants and civil works technicians in adequate numbers, all of whom shall be appointed on terms and conditions satisfactory to the Association.

5. Monitoring , Evaluation and Reporting

The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 5 to this Agreement the carrying out of the Project, and the achievement of the objectives thereof;

(b) consult with the Financial Partners on the implementation of the Project at least on a quarterly basis and invite the Financial Partners to participate in semi-annual monitoring and evaluation missions, to be scheduled in March or April each year (or such other time determined in agreement with the Association) to review, *inter alia*, the progress of the Project during the second semester of the preceding Fiscal Year, and in September or October April each year (or such other time determined in agreement with the Association) to review, *inter alia*, the progress of the Project during the first semester of the Fiscal Year.

(c) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, or any representative designated by the Association in writing, no later than four (4) weeks before the date of each semi-annual monitoring and evaluation mission: (i) 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 (ii) a Project performance report in the format described in the Implementation Manual; (iii) the draft Annual Workprogram and budget for the next calendar year, (iv) the Mid Term Expenditure Framework as updated in accordance with the Annual Workprogram; and such other reports and documents that the Association may reasonably require; and

(d) review with the Association, during the semi-annual monitoring and evaluation missions, or such later date as the Association shall request, the reports referred to in paragraph (c) of this Section, and thereafter, take all measures required to ensure the efficient completion of the Project.

6. Mid-Term Review

(a) The Borrower shall, on or about June 30, 2004, carry out jointly with the Association a mid-term review. Such review shall assess the following: (i) the overall progress in the implementation of the Project; (ii) the results of the monitoring and evaluation activities; (iii) progress on procurement and disbursements; (iv) financial management capacity of MEBA; and (v) make adjustments to the Project and reallocate funds to improve performance, if needed.

(b) The Borrower shall, three months before such review, prepare and furnish to the Association reports, in scope and detail satisfactory to the Association, needed to undertake the review, including the preparation of a program of action, to deal with deficiencies in Project implementation identified prior to such review.

(c) Based on such review, the Borrower shall promptly prepare an action plan, satisfactory to the Association, for the further implementation of the Project, and shall thereafter implement such action plan.

7. Other

(a) The Borrower shall, no later than December 31, 2004, or at such other date as the Association may agree, transfer financial management of external resources, as well as all procurement activities from BPE to the MEBA DAF, and establish financial management and procurement procedures and systems within the MEBA DAF, which are acceptable to the Association. The afore-mentioned transfer of financial management of external resources shall be preceded by a technical procurement capacity assessment, satisfactory to the Association. Such technical procurement capacity assessment shall be carried out by an independent firm, whose terms of reference and qualifications shall be satisfactory to the Association.

(b) The Borrower shall, no later than December 31, 2004, or at such other date as the Association may agree, transfer all BPE key staff to the MEBA DAF, all of whom shall be appointed on terms and conditions satisfactory to the Association.

(c) The Borrower shall, no later than June 30, 2003, adopt common reporting procedures, satisfactory to the Association, to reduce the administrative burden on MEBA.

(d) The Borrower shall, no later than June 30, 2003, set up steering committees to implement the Project at the decentralized regional and provincial school levels, in a form and with functions, membership and resources, satisfactory to the Association.

(e) The Borrower shall have annual technical and procurement audits at the central and decentralized levels, under terms of reference acceptable to the Association, carried out by independent auditors whose terms of reference and qualifications shall be satisfactory to the Association.

8. Eligibility Criteria for Subprojects

Subprojects shall be for activities related to education quality improvement and school building maintenance in accordance with the eligibility criteria, procedures and guidelines set forth in the Implementation Manual, which shall include, but not be limited to, activities in the following areas: small school repairs, diagnosis of quality education

issues, improvement of work environment, role of communities, training, monitoring and evaluation, pedagogical materials, and awareness activities.

9. Terms and Conditions of Subproject Grants

The Borrower undertakes that, unless the Association shall otherwise agree, Subprojects shall be elaborated, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the Implementation Manual.

The Borrower shall enter into agreements with a Beneficiary, under terms and conditions satisfactory to the Association, which shall include the following:

(a) the obligation of the Beneficiary: (i) to carry out the Subproject with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards; and (ii) to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Subproject;

(b) the requirement that the goods, works and services to be financed from the proceeds of the Subproject Grant shall: (i) be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement; and (ii) be used exclusively in the carrying out of the Subproject; and

(c) the Borrower reserves the right to:

(i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Subproject, the operations thereof and any relevant records and documents;

(ii) obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operation and financial conditions of Subprojects; and

(iii) suspend or terminate the right of any Beneficiary to use the proceeds of the Subproject Grant upon the failure by the Beneficiary to perform any of its obligations under the Subproject Grant Agreement.

10. Eligibility Criteria for Province Workprograms

Province Workprograms shall be for activities related to school development, in accordance with the eligibility criteria, procedures and guidelines set forth in the Implementation Manual, which shall include, but not be limited to, activities in the following areas: school construction, normalization of existing schools, rehabilitation and small repairs.

11. Terms and Conditions of Province Workprogram Grants

The Borrower undertakes that, unless the Association shall otherwise agree, Province Workprograms shall be elaborated, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the Implementation Manual.

The Borrower shall enter into Province Workprogram Agreements with a Province, under terms and conditions satisfactory to the Association, which shall include the following:

(a) the obligation of the Provinces, or the territorial collectivities (*Collectivités Territoriales*) and communities (*Communes*) after the complete transfer of the education responsibility to territorial collectivities and communities: (i) to carry out the Province Workprogram, directly or through a Delegated Management Contract (*Contrat de Maîtrise d'Ouvrage Délégée*), with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards; and (ii) to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Province Workprogram;

(b) the requirement that the goods, works and services to be financed from the proceeds of the Province Workprogram shall: (i) be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement; and (ii) be used exclusively in the carrying out of the Province Workprogram; and

(c) the Borrower reserves the right to:

- (i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Province Workprogram, the operations thereof and any relevant records and documents;
- (ii) obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operation and financial conditions of Province Workprogram; and
- (iii) suspend or terminate the right of any Province to use the proceeds of the Province Workprogram upon the failure by the respective Province to perform any of its obligations under the Province Workprogram Agreement.

12. Annual Workprograms

The Borrower shall include the draft Annual Workprogram and budget, as discussed with the Financial Partners during the second monitoring and evaluation mission of each year, in the proposed state budget to be submitted to the Borrower's parliament for approval in accordance with the Borrower's laws and regulation for approval of the State budget. Once all procedures and formalities for the approval of the State budget have been complied with, the finalized Annual Workprogram and budget as included in the final State budget for the next Fiscal Year shall be submitted to the Association for review, and issuance of the Association Fiscal Year Confirmation by the Association.

SCHEDULE 5

Performance Indicators

INDICATORS	2001	2005	2008
<u>Access to Basic Education</u>			
gross primary enrollment ratio ¹	42	56	63
gross primary enrollment at first grade ratio ²	43	70	76
Percentage of students completing primary education ³	23	33.5	48
Increase in the number of public classrooms ⁴			
<u>Quality of Basic Education</u>			
Mathematics textbook per primary school	1:5	1:3	1:2

¹ This indicator shall be monitored at the national and regional levels, in the rural and urban areas, by gender and in the 20 poorest provinces.

² This indicator shall be monitored at the national and regional levels, by gender and in the 20 poorest provinces.

³ This indicator shall be monitored at the national and regional levels, by gender and in the 20 poorest provinces.

⁴ This indicator shall be monitored at the national and regional levels, and in the 20 poorest provinces.

student ratio			
Reading textbook per primary school student ratio	1:6	1:3	1:2
Repetition ratio ⁵	18.2	13.3	10
<u>Management of Basic Education</u>			
Increase in the number of public multi grade teaching	7,614	9,127	12,000
Increase in the number of public teachers actually teaching ⁶	18,176	20,636	23,500
Decrease in the number of public double shift teaching	13,561	11,190	7,500
Increase in the percentage of recurrent budget allocated to basic education excluding salaries (Titles III and IV)	18	18	30

⁵ This indicator shall be monitored at the national and regional levels.

⁶ This indicator shall be monitored at the national and regional levels, and in the rural and urban areas;

