

CONFORMED COPY

CREDIT NUMBER 3449-MLI

Development Credit Agreement

(Education Sector Expenditure Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 1, 2001

CREDIT NUMBER 3449-MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated February 1 , 2001, between REPUBLIC OF MALI (the Borrower)
and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter, dated November 1, 2000, from the Borrower, describing a program of actions, objectives and policies designed to reform and

WHEREAS (A) the Association has received a letter, dated November 1, 2000, from the Borrower, describing a program of actions, objectives and policies designed to reform and strengthen its education sector (the Program) and declaring the Borrower's commitment to the execution of the Program;

(B) the Borrower has requested that the Association support the execution of the Program through a series of credits over a period of ten years, the proceeds of such credits to be utilized by the Borrower in the implementation of the Program;

(C) the Borrower intends to obtain from the Kingdom of The Netherlands, the French Republic, Canada, and the Kingdom of Sweden and other donors (hereafter cumulatively referred to as Donors) loans or grants, as the case may be, in an aggregate amount equivalent to approximately 60,000,000 US Dollars, to assist in financing the Program on the terms and conditions set forth in the respective loan or grant agreements (the Cofinancing Agreements) to be entered into between the Borrower and each of the Donors;

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

WHEREAS the Association has agreed, on the basis of, inter alia, the foregoing, to extend the Credit to the Borrower, in support of the Project, 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), with the modifications set forth below (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

“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 forth and the following additional terms have the following meanings:

(a) “*Académie d’Enseignement*” means the Borrower’s regional Directorate responsible for the regional administration of education;

(b) “CAF” means *Centre d’Alphabétisation Fonctionnelle*, the Borrower’s literacy centers;

(c) “CAP” means *Centres d’Animation Pédagogique*, the Borrower’s local basic education supervision centers, replacing the former *Inspection d’Enseignement Fondamental*;

(d) “*Centres d’Education pour le Développement*” or “CED” means informal educational development centers introduced by the Borrower in 1994, attending to children between 9 and 15 having either never attended school or who dropped out of school;

(e) “*Communauté*” means the population living in the catchment area of a specific *Ecole communautaire* (as hereafter defined);

(f) “*Commune*” means a geographical administrative entity in the territory of the Borrower with quality to sue and to be sued;

(g) “CCE” means *Conseil de Cabinet Elargi*, the steering committee of the Borrower at ME (as hereafter defined) in charge of coordination of Program activities;

(h) “DAF” means *Direction Administrative et Financière*, the Directorate responsible for the administration of staff, equipment and financial resources in ME (as hereafter defined);

(i) “*Ecole communautaire*” means an autonomous, primary, non commercial school which is administered by the parents of its students and other interested persons within the *Communauté*

(j) “*Ecole communale*” means a primary public school which is administered by a *Commune*;

(k) “Early Childhood Development Center” and “*Centre pour le Développement de la petite Enfance*” mean the Borrower’s center for pre-school children catering to the children’s well being as promoted under the Program;

(l) “Eligible Categories” means categories set forth in paragraph 4 of Part B of Schedule 1 to this Agreement;

(m) “Eligible Expenditures” means the expenditures for works, goods and services referred to in Section 2.02 (a) of this Agreement and to be financed out of the proceeds of the Credit allocated from time to time to the Special Account’s respective Eligible Categories;

(n) “FCFA” means *Franc de la Communauté Financière Africaine*, the currency of the Borrower;

(o) “Financial Management Plan” means the Borrower’s operational budgetary allocations for the Project, included in the Project Implementation Manual (as hereafter defined);

(p) IAPSO” means the Inter-Agency-Procurement Services Office of the United Nations;

(q) “IFM” means *Institut de Formation des Maîtres*, the Borrower’s teacher training center;

(r) “Initial Deposit” means the initial amount to be paid into the Project Account pursuant to Section 3.04 (b) of this Agreement;

(s) “*Lecture d’Abord*” means the Borrower’s program intended to promote and strengthen early reading capacity in grades 2 through 9;

(t) “*Medersa*” means a private school offering instruction in Arabic;

(u) “ME” means *Ministère de l’Education*, the Borrower’s Ministry of Education;

(v) “*Pédagogie Convergente*” or “PC” means a specific child-centered pedagogy, allowing for teaching of basic subjects in the mother tongue of the pupil, concomitant with French, during the first primary education cycle, as further defined in the Program;

(w) “School Year” means the Borrower’s school year, beginning in October and ending in June of the following calendar year;

(x) “Project Implementation Manual” means a manual of procedures referred to in paragraph 1 of Schedule 4 to this Agreement containing, inter alia, institutional arrangements, work-plans, monitoring and performance indicators and procedures to be used for the purposes of

paragraph 1 of Schedule 4 to this Agreement containing, inter alia, institutional arrangements, work-plans, monitoring and performance indicators and procedures to be used for the purposes of the Project, including the Financial Management Plan, as the same may be amended from time to time with the approval of the Association, and such term includes any schedules to the Project Implementation Manual;

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

(z) "Project Account" means the account referred to in Section 3.04 (a) of this Agreement;

(aa) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated June 25, 1997, June 30, 1997 and November 8, 2000, respectively, between the Borrower and the Association;

(bb) "Special Account" means the account referred to in Part B of Schedule 1 to this Agreement; and

(cc) "University of Bamako" means the Borrower's institute of higher education in its capital.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to thirty five million three hundred thousand Special Drawing Rights (SDR 35,300,000).

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

(b) 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 December 31, 2004 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 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 February 15 and August 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 February 15 and August 15 commencing February 15, 2011 and ending August 15, 2040. Each installment to and including the installment payable on August 15, 2020 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

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, educational, technical and environmental 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) above 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 no later than two (2) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan for the continuation of the Program; and

(b) afford the Association a reasonable opportunity to exchange views with the

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

Section 3.04. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) until the completion of the Project, open and maintain an account in FCFA in a commercial bank (the Project Account) on terms and conditions satisfactory to the Association;

(b) pay into the Project Account an initial amount of \$1,000,000 equivalent (the Initial Deposit);

(c) thereafter during each following quarter deposit into the Project Account the amount required to cover the Borrower's counterpart contribution for each such quarter, as determined by the Borrower and the Association; and

(d) ensure that the funds deposited into the Project Account in accordance with paragraphs (b) and (c) of this Section shall be used exclusively to finance expenditures required under the Project other than those financed from the proceeds of the Credit.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section for each fiscal year audited semiannually during the first twelve months following the Effective Date and annually thereafter, in accordance with auditing standards acceptable to the Association, 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 auditing period, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such period as so audited, and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Association may 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 separate 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 the financial management system referred to in paragraph (a) of said Section 4.01 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, acceptable to the Association, consisting of three separate, but coherent reports of which:

- (i) the financial report: (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the 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) the status report: (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said

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

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

ARTICLE V

Remedies of the Association

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

(a) as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out; and

(b) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any grant or loan made by any of the Donors to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Cofinancing Agreement providing therefore; 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 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 (h) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (b) (i) (B) of Section

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 (b) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (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 that:

The Borrower has:

- (a) opened the Project Account and paid therein the Initial Deposit;
- (b) appointed, in accordance with the provisions of Section II of Schedule 3 to this Agreement, the auditors referred to in Section 4.01 (b) of this Agreement, under terms and conditions acceptable to the Association;
- (c) established a computerized accounting and financial information management system in DAF dedicated to Project management, satisfactory to the Association;
- (d) furnished evidence in form and substance satisfactory to the Association that all teachers of *Ecoles communautaires* with contracts for the School Year 2000/2001, have been paid their contractual salaries out of ME's budget; and
- (e) furnished to the Association:
 - (i) the Project Implementation Manual; and
 - (ii) a procurement plan for the first twenty-four (24) months following the Effective Date, in form and substance acceptable to the Association.

Section 6.02. The date one hundred and twenty (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 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 Economy and Finance
BP 234
Bamako
Republic of Mali

Facsimile:

(223) 22 88 53

For the Association:

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

Cable address:

INDEVAS

Washington, D.C.

Telex:

248423 (MCI) or

64145 (MCI)

Facsimile:

(202) 477-6391

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

REPUBLIC OF MALI

By

/S/ Cheick O. Diarra

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____ /S/ Callisto
Madavo
Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

Part 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>SDR Equivalent)</u>	<u>Amount of the Credit Allocated (Expressed in to be Financed</u>	<u>% of Expenditures</u>
(1)	Civil Works	16,000,000	85%
(2)	Goods		100% of foreign expenditures and 85% of local expenditures
	(a) Vehicles and equipment	2,500,000	
	(b) Textbooks, reading	5,300,000	
(3)	Consultants' services, studies and training	7,500,000	100%
(4)	Operating Costs	100,000	85%
(5)	Refunding of Project Preparation Advance	850,000	Amount due pursuant to Section 2.02 (b) of this Agreement
(6)	Unallocated	3,050,000	
	TOTAL	35,300,000	

2. For the purposes of this Schedule:

(a) the term “foreign expenditures” means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term “local expenditures” means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be “foreign expenditures”; and

(c) the term “Operating Costs” means the incremental operating costs arising under the Project on account of maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, travel and accommodation and audits.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods under contracts costing less than \$100,000 equivalent each, for works under contracts costing less than \$200,000 each, and for expenditures for services under contracts with firms costing less than \$100,000 or with individuals costing less than \$50,000 equivalent each; all under such terms and conditions as the Association shall specify by notice to the Borrower.

Part B: Special Account

1. The Borrower shall, for the purposes of the Project, open and maintain in FCFA, a special deposit account in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment.

2. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into the Special Account shall be made as follows:

(a) until the Association shall have received: (i) the first Project Management Report referred to in Section 4.02 (b) of this Agreement; and (ii) a request from the Borrower for withdrawal on the basis of Project Management Reports, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) upon receipt by the Association of a Project Management Report pursuant to Section 4.02 (b) of this Agreement, accompanied by a request from the Borrower for withdrawal

(b) upon receipt by the Association of a Project Management Report pursuant to Section 4.02 (b) of this Agreement, accompanied by a request from the Borrower for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule. 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.

4. For the purposes of this Schedule, the term "Eligible Categories" means Categories 1, 2, 3, and 4 set forth in the table in paragraph 1 of this Schedule 1.

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

(a) if the Association determines at any time that all further withdrawals should be made by the Borrower directly from the Credit Account; 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 (A) the records and accounts for the Special Account or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

6. The Association shall not be required to make further deposits into the Special Account 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 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

7. (a) If the Association determines at any time that any payment out of the 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 Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. 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 determines at any time that any amount outstanding in the Special Account 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.

(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 sub-paragraph (a), (b) or (c) of this paragraph 7 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
When Withdrawals Are Not Made
On the Basis of Project Management Reports

1. For the purposes of this Annex:

The term “Authorized Allocation” means an amount of FCFA 2,800,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount of FCFA 1,400,000,000 until the aggregate amount of withdrawals from the Credit Account, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal or exceed the equivalent of SDR 4,000,000.

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

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

(b) For replenishment of said Special Account, the Borrower shall furnish to the Association requests for deposit into 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 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 said Special Account for Eligible Expenditures. Each such deposit into said Special Account shall be withdrawn by the Association from the Credit Account under one or more of

Account shall be withdrawn by the Association from the Credit Account under one or more of said Special Account's Eligible Categories.

3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of said Special Account's Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit 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 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
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 the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of said Special Account's Eligible Categories.

2. Each application for withdrawal from the Credit Account for deposit into the Special Account 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 the Special Account 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 Special Account, shall not exceed the amount of FCFA four billion two hundred million (FCFA 4,200,000,000).

SCHEDULE 2

Description of the Project

The objective of the Project is to strengthen and improve the education system in the territory of the Borrower through the provision of equitable access to education, improved curricula content and teaching materials, teachers training and decentralization of the

The objective of the Project is to strengthen and improve the education system in the territory of the Borrower through the provision of equitable access to education, improved curricula content and teaching materials, teachers training and decentralization of the management of educational activities adapted to community level requirements.

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 the Quality of Teaching and Learning

1. Improving the Quality in Basic Education

Acquisition of equipment, didactic materials, provision of training and of technical advisory services for:

(a) Early Childhood Development:

- (i) consolidation and improvement of teaching programs and teacher's guide books at about 250 *Centres de Développement pour la petite Enfance*, and test new teaching programs and teaching materials;
- (ii) opening of about 180 new *Centres de Développement pour la petite Enfance*;
- (iii) review and design of new teaching policies and quality standards; and
- (iv) training of about 300 newly-recruited personnel at *Centres de Développement pour la petite Enfance* in their new tasks.

(b) Education Grades 1 through 9:

- (i) Preservice and Inservice training of teachers: (A) recruitment of about 2,500 communal teachers per School Year; (B) revision of teaching curricula; and (C) training of school directors and other school supervisory and pedagogic staff in the new curricula and pedagogic methods.
- (ii) Curricula linked to basic education needs: (A) gradual implementation of new curricula for grades 1 through 9; and (B) improvement of the quality and availability of textbooks for grades 1 through 9.
- (iii) Evaluation of learning results and examination reform: (A) introduction of a diagnostic program to test pupils' skills; (B) development of standardized tests for French and the sciences; and (C) carrying out regular evaluations of the pupils' skills and the education system itself.

- (iv) Program *Lecture d'Abord*: (A) implementation of the program *Lecture d'Abord* in about 345 PC schools; (B) integration of reading spaces in schools; and (C) training of teachers in the program *Lecture d'Abord*.
 - (v) Textbooks and reading materials: (A) establishment of a book rental system and a book loan system in selected elementary schools; (B) reprinting of selected text books; (C) testing of selection and procedural approaches to implement the textbook rent- and loan schemes; (D) design, editing and printing of text books; and (E) carrying out of study tours abroad.
 - (vi) Special needs education: (A) carrying out a national survey on the status of handicapped children; (B) combination of findings of earlier studies on street children; and (C) development of strategies to mainstream special need students and testing said strategies.
 - (vii) Strengthening of the Medersa: (A) improvement of curricula and textbooks; (B) provision of sustained in-service professional training for about 750 teachers and pedagogic advisors and about 400 teachers of French; (C) development and introduction of a program for French as a second or third language; and (D) provision of works, and the acquisition of equipment to rehabilitate one IFM.
 - (viii) School health and nutrition: (A) development of an anti-parasite and micronutrient program; (B) instruction of school health teams; (C) establishment of procurement protocols and procedures; and (D) development of curricula on life skills and reproductive health issues.
- (c) Improvement of internal efficiency of the school system:
- (i) teacher training;
 - (ii) parents awareness enhancement; and
 - (iii) establishment of booster courses through tutoring.
- (d) Non formal education:
- (i) strengthening of teaching competence concerning, inter alia, literacy agents, directors and supervisors;
 - (ii) strengthen the management capacity of village literacy committees and CED committees;

- (iii) improve curricula content including reproductive health issues and sexual practices;
- (iv) establish a framework to extend CAF and CED activities; and
- (v) improve cooperation among the public administrations at various levels and social partners involved in the education sector.

2. Improving the Quality in Secondary (General, Technical and Professional) Education

(a) Teaching and learning materials:

Acquisition of textbooks and didactic materials, provision of training and technical advisory services to

- (i) develop school library evaluation criteria;
- (ii) carry out technical audits of all libraries in the secondary school system based on said criteria;
- (iii) furnish an initial stock of relevant books to said libraries; and
- (iv) develop a textbook rental and maintenance system.

(b) Teaching of Science and Technology:

Acquisition of textbooks and didactic materials, provision of training and technical advisory services to:

- (i) redefine and improve teaching programs and prepare first-year curricula accordingly;
- (ii) introduce mini laboratory science kits at selected schools for the purpose of piloting their efficient application;
- (iii) create internet connected computer centers at selected schools; and
- (iv) establish a technical support unit in ME.

(c) Vocational and Professional Training:

Acquisition of textbooks and didactic materials, provision of training and technical advisory services to:

- (i) develop a demand-oriented curriculum based on labor market linkages;
- (ii) identify financing sources for technical and professional training; and
- (iii) provision of grants for the carrying out of selected tasks at selected schools.

(d) Supervision of Instruction:

Provision of training and provision of technical advisory services to:

- (i) carrying out a technical audit;
- (ii) develop a supervision policy based on the audit; and
- (iii) implement said policy.

(e) Life skills and Reproductive Health Courses:

Provision of training and provision of technical advisory services to:

- (i) develop teaching materials and curricula incorporating life skills and reproductive health issues, and
- (ii) develop a teacher training program in accordance with such curricula.

3. Improving the Quality in Higher Education

(a) Management of higher education:

Provision of training and provision of technical advisory services to:

- (i) establish a coordinating committee among faculties and institutions;
- (ii) carry out a feasibility study on the community college approach;

- (iii) develop improved curricula and higher education policies;
- (iv) outsource non-core activities and services;
- (v) develop internet awareness and job creation programs based on internet use; and
- (vi) carry out information and education campaigns on higher education enhancement needs.

(b) Strengthening of library and information services:

Carrying out of works, acquisition of equipment and books, and provision of training and technical advisory services to:

- (i) define the functions of libraries in higher education;
- (ii) train librarians;
- (iii) establish a program for the: (A) subscription of periodicals; (B) acquisition of books; (C) connection to the internet; (D) carrying out a feasibility study for the construction of a library at the University of Bamako; and (E) begin implementation of said construction.

(c) Training in the sciences:

- (i) Acquisition of equipment, provision of training and provision of technical advisory services to improve curricula in the sciences, raise awareness for the growing importance of the sciences and improve the quality of teaching and educational materials; and
- (ii) carrying out of works for the construction of laboratories at selected faculties.

(d) Establishment of a research fund:

- (i) carrying out a study to determine management methods for such research fund; and
- (ii) provision of grants to carry out research.

Part B: Improving Access to Schooling

1. Access to Basic Education

(a) Extension of Early Childhood Development Centers:

Provision of technical assistance services for:

- (i) the development of a coordinated policy, institutional framework and action plan; and
- (ii) carrying out tests of a new *Centre de Développement pour la Petite Enfance* in about 180 selected *Centres*.

(b) Extension of classrooms:

- (i) carrying out works to construct about 6,000 new classrooms for basic education in selected sites within the educational map of ME; and
- (ii) acquisition of equipment for these newly constructed classrooms.

(c) Extension and institutional support of teacher training centers:

- (i) carrying out works to construct about 10 IFMs in selected locations, and acquisition of equipment for these newly constructed IFMs and the 4 existing IFMs;
- (ii) construction of one center for continued training and its equipment; and
- (iii) carrying out tests of the existing and the new maintenance and facility management systems.

2. Access to Secondary (General, Technical and Professional) Education

Improving access to secondary schools through the provision of technical advisory services to carry out: (i) feasibility studies of: (A) the community college approach and the creation of two year degree programs, and (B) creation of dormitories under private management; and (ii) the design of policies to increase female enrollment.

Part C: Strengthening the Capacity of the Education System for Carrying Out Decentralization and Policy Monitoring

1. Strengthening of decentralized activities within the education sector:

Provision of technical assistance services to establish a decentralization unit in ME for the purpose of, inter alia:

- (a) carrying out studies;
- (b) monitoring and evaluating activities of financial and technical partners in the education sector;
- (c) carrying out tests of new approaches; and
- (d) comparing the decentralization experience of the Ministry of Health with ongoing activities in the education sector, including community-level financial support.

2. Policy development, Program monitoring and evaluation:

Provision of technical assistance services to:

- (a) set and defend budget targets;
- (b) prepare regional objectives which integrate into national objectives; and
- (c) define national and regional priorities and targeted action plans.

3. Financial Management:

Provision of technical assistance services to:

- (a) strengthen the capacity for financial management, personnel management and procurement at DAF; and
- (b) develop managerial capacity at the *Académie d'Enseignement* to allow for the decentralization of financial and personnel management.

4. Teacher Management:

Provision of technical assistance services and training to:

- (a) upgrade primary school teachers to reach minimum qualification requirements;
- (b) transform *Ecoles Communautaires* which satisfy previously established criteria into *Ecoles Communales*;
- (c) facilitate the transition of all community school teachers concerned to become communal school teachers; and
- (d) strengthen the *Académie d'Enseignement* and CAPs.

Part D: Project Management, Supervision, Monitoring and Evaluation

Administration, coordination, supervision, monitoring and evaluation of Project implementation, including: (1) provision of technical advisory services; (2) carrying out of training programs and workshops; and (3) acquisition of equipment for, and provision of training for selected staff in ME responsible for the administration, coordination, supervision, monitoring and evaluation of the Project.

* * *

The Project is expected to be completed by June 30, 2004.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

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

2. 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".

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the

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

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

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$150,000 equivalent or more each.

(b) Preference for domestically manufactured goods and works carried out by domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

Part C: Other Procurement Procedures

1. Limited International Bidding

Library books up to an aggregate amount not to exceed \$250,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

2. National Competitive Bidding

(a) Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Teaching and reading materials may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(c) Works estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$2,500,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(d) Works or goods procured in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines through the delegated services of an autonomous agency shall be carried out in accordance with procedures satisfactory to the Association, as defined in the agency's manual of procedures which has been reviewed and found acceptable by the

carried out in accordance with procedures satisfactory to the Association, as defined in the agency's manual of procedures which has been reviewed and found acceptable by the Association.

3. International Shopping

Goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

4. Procurement of Small Works

Works estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$860,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

5. Procurement through UN Agencies

Procurement of vehicles, motorcycles and small equipment not exceeding the amount of \$75,000 equivalent per contract, up to an aggregate amount of \$200,000 equivalent, may be procured through IAPSO in accordance with the provisions of paragraph 3.9 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

(a) With respect to: (i) each contract for works estimated to cost the equivalent of \$200,000 or more; (ii) each contract for goods estimated to cost the equivalent of \$100,000 or more; and (iii) each of the first five (5) contracts awarded pursuant to the provisions under Part C.1 of this Schedule (LIB), 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 shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines); and (b) the provisions of the following Parts of this Section II.

2. 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".

Part B: Quality- and Cost-Based Selection

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

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The shortlist 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.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Contracts for (i) services and (ii) the management and supervision of construction contracts, estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Least-Cost Selection

Services for technical and financial audits may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

3. Single Source Selection

Contracts for the procurement of works and related equipment under Part B.1 and B.2 of the Project and contracts for services of small studies 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.

4. Individual Consultants

Services for, inter alia, scientific tutoring, advise or curriculum development, educational policy options that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

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

2. Prior Review

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

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

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

Schedule 4

Implementation Program

Part A: General

1. The Borrower shall carry out the Project through ME in accordance with the procedures, guidelines, timetables and criteria set forth in the Project Implementation Manual and, except as the Association shall otherwise agree, the Borrower shall not amend, or waive any provision thereof if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.

Part B: Coordination and Management

2. The Borrower shall maintain policies and procedures adequate to enable it, through ME, to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in the Project Implementation Manual and summarized in Schedule 5 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof.

3. The Borrower shall, until the completion of the Project, maintain at ME staff in charge of the coordination and implementation of the Project comprising, inter alia: (i) the Project Coordinator; (ii) a procurement specialist; and (iii) a specialist in charge of financial management and accounting, all with qualifications and experience, satisfactory to the Association. The Project Coordinator shall be responsible for furnishing to CCE and the Association, for review and comment, the Project progress reports.

Part C: Annual Reviews and Midterm Review

4. (a) The Borrower shall prepare, under terms of reference satisfactory to the Association, and furnish annually to CCE and the Association for their review and comments, until the receipt by the Association of the Project Management Reports referred to in Section 4.02 (b) of this Agreement, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 2 of this Schedule 4, on the progress achieved in the carrying out of the Project during the period preceding the date of said report, review ME's budget projections and financial simulations and a draft work program and related budget, including the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the twelve months' period following such date. The first such report shall be furnished no later than October 31, 2001, or such later date as the Borrower and the Association shall determine.

(b) The Borrower shall: (i) furnish to the Association, within four weeks after the submission of the report referred to in the preceding subparagraph, the said report including the comments of CCE thereon, if any; and (ii) review with the Association, the Donors and its other technical and financial partners, within four weeks following the submission of said report. The Borrower shall thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the views of CCE and the Association on the reports.

5. The Borrower shall:

(a) By December 31, 2002, or such other date as the Association shall agree upon, carry out jointly with CCE and the Association, a mid-term review (Mid-Term Review). The Borrower shall invite Donors and its other technical and financial partners active in the sector to participate, and take all actions it considers necessary to ensure the participation of representatives of local government and social partners involved in the education sector in such Mid-Term Review. Such Mid-Term Review shall cover the progress achieved in the implementation of the Project and, more specifically: (i) the implementation of the Borrower's financing plan for the education sector and its suitability in view of achieving the objectives defined in Schedule 5 to this Agreement; and (ii) the feasibility to unite Donor's funds and the funds of the Borrower's other technical and financial partners in a common account.

(b) no later than one month prior to the Mid-Term Review, furnish to the Association, for its review and comments, a report in such detail as the Association shall reasonably request, including the comments of CCE, if any, on said report, on the implementation of the Project; and

(c) following such Mid-Term Review, act promptly and diligently to take such corrective action as shall be recommended by CCE, the Association, the Donors or its other technical and financial partners, as the case may be, to obtain the objectives of the Project.

Schedule 5

Project Performance and Evaluation Indicators

1. Quality Achievements

- (a) A textbook ratio of two books per primary and four per middle school student has been reached.
- (b) (i) basic education: grade repetition has dropped from 23% in 1998 to 13% in 2004 and the dropout rate has decreased from 8% to 5%;
- (ii) middle school: repetition rate in middle school has decreased from 20% to 10%; and

- (iii) secondary school: the repetition rate has dropped from 25% to 13%.
- (c) ME's budget for secondary scholarships amounting to FCFA 2.4 billion in 2000 has been spent entirely on quality-enhancing inputs by 2004.
- (d) 80% of children read at an acceptable degree of fluency by the end of Grade 2.

2. Access to Education

- (a) The primary gross enrollment rate has reached 70% by the 2003-04 School Year from about 50% in the 1999-2000 School Year and the share of girls has increased from 46% to 58% of overall enrollments.
- (b) Class size in primary schools has attained 50 students per class in School Year 2003-04.
- (c) At least 32% of secondary students are enrolled in vocational education.

3. Decentralized Management

- (a) The actual number of weekly hours taught by middle school teachers has increased from 15 to 18 in School Year 2003-04.
 - (b) Education's share of the Borrower's total budget has increased to 27% in 2004 with basic education increasing from 56% in 1998 to 61% in 2004; secondary has remained at 24% and higher education has dropped from 19% to 14% while teacher training receives 1%.
 - (c) Decentralized development have been prepared and implemented by at least 7 of the 9 regions for the 2003-04 school year, with the necessary financial and human resources.
 - (d) The portion of the Ministry's non-salary budget administered by the *Académies* has increased to 40% by the year 2004.
- 