

CONFORMED COPY

CREDIT NUMBER 2213 ZR

(Education Sector Rehabilitation Project)

between

REPUBLIC OF ZAIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 10, 1991

CREDIT NUMBER 2213 ZR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 10, 1991, between the REPUBLIC OF ZAIRE (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received from the Borrower a strategy letter dated January 18, 1991 describing its policies, goals and actions designed to achieve improvements in the Borrower's education sector (the Strategy) and declaring the Borrower's commitment to the carrying out of the Strategy;

(B) the Borrower, as part of such commitment, has undertaken to carry out the Project, described in Schedule 2 to this Agreement, and has requested the Association to assist in the financing of the Project;

(C) the Borrower also intends to receive additional assistance in the carrying out of the Project in the form of technical cooperation and of grants from the French Republic, acting through its Fonds d'Aide et de Cooperation (FAC), the United Nations

Children Fund (UNICEF), the United Nations Development Program (UNDP) and the World Wildlife Fund, in amounts valued at the equivalent of \$4,200,000, \$600,000, \$500,000, and \$300,000, respectively; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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

(a) "Ministry" means the Ministry of the Borrower responsible for primary and secondary education;

(b) "Project Unit" means the Education Projects Unit (EPU) within the Ministry;

(c) "Pilot Zone" means the Sub-region of Tshopo in the Region of Haut-Zaire;

(d) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

(e) "Project Preparation Advance" means the advance granted to the Borrower for the preparation of the Project pursuant to the exchange of letters between the Borrower and the Association dated November 15, 1990 and January 22, 1991.

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 fifteen million Special Drawing Rights (SDR 15,000,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of this Section and of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project, described in Schedule 2 to this Agreement, and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in a commercial bank to be operated by the Project Unit on behalf of the Borrower on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 3 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount

of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1996 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 April 15 and October 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 15 and October 15, commencing April 15, 2001 and ending October 15, 2030. Each installment to and including the installment payable on October 15, 2010 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the

Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, economic, financial, technical and pedagogical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without any limitation upon the provisions of paragraph (a) of this Section, the Borrower shall maintain a project advance account in a commercial bank acceptable to the Association, deposit into it an initial amount equivalent to 100,000 dollars and, at least every three months thereafter, deposit additional amounts as shall be necessary to pay for expenditures under the Project not financed out of the proceeds of the Credit during the coming three months and leaving at all times a minimum amount equivalent to 70,000 dollars in such account.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' and specialists' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. The Borrower, not later than July 31 in each year during the carrying out of the Project, shall exchange views with the Association on the Borrower's proposals for special budgetary allocations for the purchase of basic teaching materials, including the amount and composition of the proposed allocations for the coming year and the effectiveness of the allocations for the previous year.

Section 3.04. Not later than July 31 in each year during the carrying out of the Project, the Borrower shall furnish to the Association for its review reports on the progress of the Program, including the Project, and on the status of the maintenance of buildings constructed or rehabilitated under the Project and under the other projects in the education sector financed by the Association since 1985.

Section 3.05. The Borrower shall, during the last quarter of each year until completion of the Project, organize through the Project Unit a joint meeting among the Association, FAC, UNICEF and UNDP for the purpose of reviewing the progress of the Project and the implementation of the Borrower's education sector strategy.

Section 3.06. Not later than September 30 in each year during the carrying out of the Project, the Borrower shall furnish to the Association a draft three-year rolling public-expenditure program for the education sector, which shall include the proposed incremental special budget allocations as adjusted annually, and shall thereafter exchange views thereon with the Association prior to its final adoption.

Section 3.07. Within 12 months following the date of this Agreement, the Borrower shall furnish to the Association for comment the proposed list of sites for the schools to be constructed under Part B.3 of the Project, together with the documents required under Section 9.08 of the General Conditions and, if applicable, a plan of action concerning any necessary expropriation of property and

indemnization and relocation of persons affected.

Section 3.08. Within 12 months following the date of this Agreement, the Borrower shall furnish to the Association for comment:

(a) draft special provisions to be incorporated into the description of the career stream (Statut) of primary school teachers, to be applicable to teachers trained in the pilot teacher training center (Ecole Normale), including draft procedures for the recruitment of students for such schools, a determination of the conditions of their remuneration and their entry into higher education; and

(b) a plan for the adaptation of secondary teaching streams in the Pilot Zone to take into account the creation of the pilot teacher training center and the necessity to maintain a proper balance between training activities and the demand for primary teachers.

Section 3.09. (a) The Borrower, within 12 months following the date of this Agreement, shall:

- (i) complete the human resources study included in Part C.1 of the Project; and
- (ii) complete a study on the amount, collection and management of students' fees, including parental contribution to the costs of textbooks distributed under Part B.1 of the Project, taking into account the ability of families to pay.

(b) Following an exchange of views with the Association, on the results of such studies the Borrower shall promptly take the actions called for thereby.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

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

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

- (i) maintain or cause to be maintained, in accordance

with paragraph (a) of this Section, records and accounts reflecting such expenditures;

- (ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts be included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contain a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

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

(a) 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 Strategy, 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 grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms 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 Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

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

(a) the Borrower has assigned to its Education Sector Strategy Committee an economist to head its secretariat, an educational planner from the Ministry and an educational planner from the Ministry responsible for Higher Education, all qualified and experienced and acceptable to the Association, and such personnel have been assigned appropriate office space;

(b) the Association has been informed by the French Republic, UNICEF and UNDP that all conditions to the utilization of their respective contributions to the Project, other than any condition relating to the effectiveness of this Agreement, have been fulfilled;

(c) the Project advance account described in Section 3.01 (b) of this Agreement has been opened and the initial deposit of the equivalent of 200,000 dollars has been made;

(d) the Project Unit has entered into arrangements satisfactory to the Association defining the role of the Institute for Primary and Secondary Educational Management Training (IFCEPS) in coordinating the major educational activities under the Project in the Pilot Zone; and

(e) the Project Unit has entered into arrangements satisfactory to the Association with the Direction des Programmes Scolaires et des Matériels Didactiques and with the Direction de l'Informatique defining their respective roles in the carrying out of the Project.

Section 6.02. The date 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:

Ministcre des Finances
Bocte Postale 12997
Kinshasa 1
Republic of Zaire

Cable address:

MINIFIN

Telex:

21161 KIN GOMBE

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:

197688 (TRT)
248423 (RCA)

64145 (WUI) or
82987 (FICC)

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 ZAIRE

By /s/ Tatanene Manata
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Francisco Aguirre-Sacasa
Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Loan Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Construction, rehabilitation, maintenance works	2,100,000	100%
(2) Vehicles, equip- ment, materials, furnishings	2,100,000	100%
(3) Production, dis- tribution of textbooks and manuals:	4,700,000	100%
(4) Consultants' and specialists' services	2,500,000	100%
(5) Training	1,400,000	100%
(6) Operating costs	450,000	100%
(7) Refunding of Project Pre- paration Advance	350,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(8) Unallocated	1,400,000	
TOTAL	15,000,000 =====	

2. For the purposes of this schedule, the term "operating costs" as used in Category 6 above means the costs of operating and maintaining vehicles used in carrying out the Project, office supplies, travel within Zaire, and other recurrent expenditures previously approved by the Association.

3. To the extent that the amount allocated to Category (7) above exceeds the amount due, the excess will be reallocated to Category (8).

4. 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.

SCHEDULE 2

Description of the Project

The objectives of the Project are to improve primary education, rehabilitate the basic system of instruction and assist the Borrower in establishing conditions necessary for long-term, balanced development of an efficient educational sector.

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

Part A: Sectoral Support

1. Strengthening of the Education Sectoral Strategy Committee charged with monitoring the performance and evolution of the education sector through the appointment of a permanent staff, the employment of specialists, the carrying out of studies and the procurement of basic office equipment and supplies for its operations.

2. Strengthening of the Planning Unit of the Ministry, especially with regard to its capabilities in programming and in preparing public expenditure programs and budget proposals, through the training abroad of selected staff, the employment of specialists, and the procurement of office equipment and supplies for its operations.

Part B: Promotion of Primary Education

1. Procurement of basic textbooks and teachers' guides for the primary level in math, French and national languages; distribution, through non-governmental organizations and private contractors, of such textbooks in one selected sub-region of each of the eleven regions and of such teachers' guides nationwide; carrying out in-service training of teachers in the use of such books; strengthening of the Division of Pre-school and Primary Education and the Publishing Unit of the Ministry for these purposes.

2. Providing for about 20 primary multigrade classrooms in existing or new schools in the Pilot Zone; establishing a primary teacher training center (Ecole Normale) in Yangambi, Haute-Zaire; providing housing and bicycles for teachers in the Pilot Zone and basic school materials to be distributed together with textbooks.

3. Construction of about five primary schools in the periphery of Kinshasa.

4. Modifying curricula to promote education in health, nutrition, family planning and environment.

Part C: Institutional Reinforcement

1. Consolidation, reconstruction and equipping of office space of the Ministry's administrative offices, including the renewal of telecommunications equipment; conducting a study on human resources

management to identify the number and kinds of personnel required to staff the Directorate for Planning and Statistics, the computer center (Direction de l'Informatique) and the General Services and the reorganization of staff accordingly.

2. Strengthening of the Teachers Pay Service (Service de Contrôle de la Paie des Enseignants) through the hiring of experts and training of staff.

3. Strengthening of local administration in the eleven sub-regions selected for the distribution of school textbooks under Part B above, through training of staff and the procurement for their operations of basic office equipment and vehicles.

4. Maintaining buildings in the education sector which have benefited from financing from the Association since 1985.

* * * * *

The Project is expected to be completed by December 31, 1995.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$1,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into

the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraph 6 (a), (b) or (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).
2. For the purposes of inviting bids, similar items or those capable of being supplied by a single bidder shall be grouped in the largest practicable lots.

Part B: Preference for Domestic Manufacturers

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

Part C: Other Procurement Procedures

1. Contracts for the construction of the primary schools in Kinshasa and the pilot teacher-training center, as well as for the rehabilitation of the Ministry, may be procured on the basis of local competitive bidding as described in paragraph 3.3 of the Guidelines. Contracts for the transport of school textbooks and contracts for the production and distribution of textbooks and manuals and for the purchase of furnishings, equipment and materials, estimated after grouping in the largest practicable bidding lots to cost less than the equivalent of \$100,000, may be procured on the same basis, provided, however, that the aggregate value of furnishings, equipment and materials so procured shall not, without the prior approval of the Association, exceed the equivalent of \$1,500,000.
2. Construction of the primary schools in the Pilot Zone under Part B.2 of the Project will be carried out by the communities concerned under the direction of the Project Unit.
3. Contracts estimated after grouping in lots to cost less than \$50,000 equivalent, may be purchased through local shopping as described in paragraph 3.4 of the Guidelines, provided, however, that the aggregate value of contracts so procured shall not, without the prior approval of the Association, exceed the equivalent of \$400,000.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:
 - (a) With respect to each contract for the purchase of furnishings, equipment or vehicles, as well as any contract for civil works estimated to cost the equivalent of \$200,000 or more and any other contract for goods estimated after grouping to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.
 - (b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of

Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 3 to this Agreement.

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

Section II. Employment of Consultants and Specialists

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

