

CONFORMED COPY

CREDIT NUMBER 2264 HA

(Fifth Education Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 25, 1991

CREDIT NUMBER 2264 HA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 25, 1991, between REPUBLIC OF HAITI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Association has received a letter dated May 15, 1991 from the Borrower describing a program of actions, objectives and policies designed to improve the Borrower's educational sector (hereinafter called the Program) and declaring the Borrower's commitment to the execution of the Program;

(C) the Borrower intends to receive from the United Nations Development Program (UNDP) a grant (the UNDP Grant) in an amount equivalent to \$350,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the UNDP Grant

Agreement) to be entered into between the Borrower and UNDP; 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 have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Coordinating Committee" means the committee to be established pursuant to the provisions of paragraph 5 of Schedule 4 to this Agreement;

(b) "Eligible Schools" means a privately owned and operated school delivering primary education services with schooling operating costs per student lower than \$50 equivalent and which has signed the agreement referred to in Schedule 4, paragraph B.2 (b), to this Agreement;

(c) "Eligible Schools Eligible for Civil Works" means Eligible Schools which meet the criteria for eligibility for civil works set forth in Schedule 6, Part 2, to this Agreement;

(d) "Eligible Schools Pedagogical Advisors" means advisors of Eligible Schools which meet the eligibility criteria for training set forth in Schedule 6, Part 4, to this Agreement;

(e) "Eligible Public Pedagogical Advisors" means advisors of public primary education schools which meet the eligibility criteria for training set forth in Schedule 6, Part 3, to this Agreement;

(f) "FONHEP" means Fondation Haitienne de l'Enseignement Prive, a foundation established and operating pursuant to the FONHEP By-laws (as defined below);

(g) "FONHEP By-Laws" means the By-Laws registered in the Pétionville Civil Registry Number 50 on September 14, 1998 in book 424, page 2093 as published in Le Moniteur No. 34-A on April 27, 1989;

(h) "FONHEP Subproject" means Parts B.2, B.4 (b) and (d) and C (c) of the Project;

(i) "FONHEP Subproject Account" means the account referred to in Section 3.03 (a) (ii) of this Agreement;

(j) "MENJS" means the Borrower's Ministcre de l'Education National, de la Jeunesse et des Sports, its Ministry of Education, Youth and Sports;

(k) "MENJS Subproject" means Parts A (1) through (4), B.1, B.3, B.4 (a) and (c), and C (a) and (b) of the Project;

(l) "MENJS Subproject Account" means the account referred to in Section 3.03 (a) (i) of this Agreement;

(m) "PIU" means the project implementation unit to be maintained pursuant to the provisions of Schedule 4, paragraph 1, to this Agreement;

(n) "Prior Agreement" means the Development Credit Agreement for Credit No. 1592-HA (Fourth Education and Training Project) entered into between the Association and the Borrower on June 14, 1985;

(o) "Public Schools Eligible for Civil Works" means public schools which meet the criteria for eligibility for civil works set forth in Schedule 6, Part 1, to this Agreement;

(p) "Subsidiary Agreement" means the agreement to be entered into between the Borrower and FONHEP pursuant to the provisions of Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Agreement; and

(q) "Survey Subproject" means Part A.5 of the Project.

## 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 nine million four hundred thousand Special Drawing Rights (SDR 9,400,000).

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

Section 2.03. The Closing Date shall be December 31, 1995 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on May 1 and November 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each May 1 and November 1 commencing November 1, 2001 and ending May 1, 2031. Each installment to and including the installment payable on May 1, 2011 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:

- (i) shall carry out: (A) the MENJS Subproject through MENJS; and (B) the Survey Subproject through its Ministry of Economy and Finance, both with due diligence and efficiency and in conformity with appropriate education, administrative, economic, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the MENJS Subproject; and
- (ii) shall cause FONHEP, pursuant to the provisions of the Subsidiary Agreement, to carry out the FONHEP Subproject with due diligence and efficiency and in conformity with appropriate education, administrative, economic, financial and engineering practices, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable FONHEP to carry out the FONHEP Subproject, and shall not take or permit to be taken any action which would prevent or interfere with the carrying out of the FONHEP Subproject by FONHEP.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall

otherwise agree, the Borrower shall carry out the MENJS Subproject and the Survey Subproject, and shall cause FONHEP, pursuant to the provisions of the Subsidiary Agreement, to carry out the FONHEP Subproject, all in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall make the proceeds of the Credit allocated for the FONHEP Subproject available to FONHEP under a subsidiary agreement to be entered into between the Borrower and FONHEP, under terms and conditions which shall have been approved by the Association which shall include those set forth in Schedule 5 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. (a) The Borrower shall, until the Closing Date, in a bank acceptable to the Association, and on terms and conditions satisfactory to the Association:

- (i) (A) establish, and thereafter maintain a subproject account for the use of MENJS in meeting expenditures in gourdes for the MENJS Subproject; and
- (B) deposit therein, an amount equivalent to \$230,000; and
- (ii) (A) cause FONHEP to establish and thereafter maintain a subproject account for the use of FONHEP in meeting expenditures in gourdes for the FONHEP Subproject; and
- (B) deposit therein an amount equivalent to \$230,000.

(b) The Borrower shall promptly replenish, and cause FONHEP to replenish, the MENJS Subproject Account and the FONHEP Subproject Account, respectively, to cover amounts withdrawn from such accounts.

(c) The Borrower shall ensure that:

- (i) the aggregate amounts available in the MENJS Subproject Account and the FONHEP Subproject Account do not fall below the amount of funds required by MENJS and FONHEP to meet four months estimated expenditures for the MENJS Subproject and the FONHEP Subproject, respectively; and
- (ii) the MENJS Subproject Account and the FONHEP Subproject Account are at all times operated in accordance with rules and guidelines acceptable to the Association.

Section 3.04. The Association and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the FONHEP Subproject shall be carried out by FONHEP.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall cause FONHEP to maintain records and separate accounts adequate to reflect in accordance with sound accounting practices the operations and financial condition of FONHEP (including the FONHEP Subproject).

(b) The Borrower shall cause FONHEP to:

- (i) have its records, accounts and financial statements for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than four months after the end of each such year: (A) certified copies of its financial statements for such year as so audited; and (B) the report of such audit by said auditors, of such scope and in such detail (which shall include, inter alia, a report on the compliance of the covenants in this Agreement as they apply to FONHEP) as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning such records, accounts, financial statements 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 for the FONHEP Subproject were made on the basis of statements of expenditure, the Borrower shall cause FONHEP to:

- (i) maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until one year after the Association has received the audit report for the fiscal year in which the last disbursement 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 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) The Borrower shall maintain or cause to be maintained records and separate accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the MENJS Subproject and the Survey Subproject of the departments or agencies of the Borrower responsible for carrying out the MENJS Subproject and the Survey Subproject or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available,

but in any case not later than four 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 (which shall include, inter alia, a report on the compliance with the covenants in this Agreement as they apply to MENJS and the Ministry of Economy and Finance) 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 for the MENJS Subproject and the Survey Subproject 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 was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Other Covenants

Section 5.01. The Borrower shall cause FONHEP:

- (a) to take out and maintain with responsible insurers, or to make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;
- (b) to carry on its operations and conduct its affairs in accordance with sound administrative, financial and education practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and
- (c) at all times to operate and to maintain its plants, machinery, equipment and other property, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and education practices.

#### ARTICLE VI

##### Remedies of the Association

Section 6.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) FONHEP shall have failed to perform any of its obligations under the Subsidiary Agreement.

(b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that FONHEP will be able to perform its obligations under the Subsidiary Agreement.

(c) The FONHEP By-Laws shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of FONHEP to perform any of its obligations under the Subsidiary Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of FONHEP or for the suspension of its operations.

(e) The UNDP Agreement shall have failed to become effective by March 30, 1992, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

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

(A) the right of the Borrower to withdraw the proceeds of any loan or grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms thereof, or

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

(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 6.02. Pursuant to Section 7.01 (a) of the General Conditions, the following additional events are specified:

(a) any event specified in paragraph (a) of Section 6.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Borrower;

(b) any event specified in paragraphs (c) or (d) or (e) of Section 6.01 of this Agreement shall occur; and

(c) any event specified in paragraph (f) (i) (B) of Section 6.01 of this Agreement shall occur, subject to the proviso of paragraph (f) (ii) of that Section.

#### ARTICLE VII

Effective Date; Termination





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 HAITI

By /s/ Harold Joseph  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ping-Cheung Loh  
Acting Regional Vice President  
Latin America and the Caribbean

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 Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Goods and Furniture	)	100% of foreign
	)	expenditures,
(a) for the MENJS Subproject	1,720,000)	100% of local
	)	expenditures
	)	(ex-factory
(b) for the FONHEP Subproject	160,000)	cost) and 85%
	)	of local expen-
	)	ditures for other
	)	items procured
	)	locally
(2) Civil Works		100%
(a) for the MENJS Subproject	1,350,000	
(b) for the FONHEP Subproject	160,000	
Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(3) Operating Costs and Travel Costs of Eligible Public Pedagogical Advisors	520,000	100%
(4) Travel Costs of Eligible Schools Pedagogical Advisors, and Salary Supple- ments	2,150,000	100%

(5)	Consultants' Services and Training		100%
	(a) for the MENJS Subproject	1,850,000	
	(b) for the FONHEP Subproject	70,000	
(6)	(a) Consultants' Services for the Survey Subproject	220,000	100%
	(b) Goods for the Survey Subproject	70,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 85% of local expenditures for other items procured locally
(7)	Unallocated	1,130,000	
	TOTAL	9,400,000	=====

2. For the purposes of this Schedule:

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

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

(c) the term "Operating Costs" means salaries of the PIU technical staff, costs of operating the office where the PIU is located, travel expenses of the PIU's technical staff within Haiti, and travel expenses and materials for three educational conferences to be held by MENJS;

(d) the term "Travel Costs of Eligible Public Pedagogical Advisors" means the travel costs of 42 Eligible Public Pedagogical Advisors for travel made until September 30, 1993;

(e) the term "Travel Costs of Eligible Schools Pedagogical Advisors" means the travel costs of 42 Eligible Schools Pedagogical Advisors for travel made until September 30, 1993; and

(f) the term "Salary Supplements" means the \$10 equivalent supplement per month to be paid to teachers, supervisors and school principals of Eligible Schools who have enrolled in a training program acceptable to the Association.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made: (a) for expenditures prior to the date of this Agreement; and (b) in respect of expenditures under Parts B (1) (a), (c) and (d), B (2) (a) and (b) of the Project until the proceeds allocated under the Prior Agreement have been fully disbursed, committed or cancelled.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (a) to assist the Borrower in the preparation of a sustainable education sector policy and

investment program; (b) to consolidate the benefits of investments in the primary education sector for the improvement of the quality of education; and (c) to improve the resource management capacity of MENJS and private primary education schools with limited resources serving low-income students.

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: Policy Development

Preparation of action plans designed:

1. To improve the quality of delivering primary education services, to address, inter alia, the causes for the high proportion of overage students and the high dropout rate, and to improve the delivery of in-service training.
2. To define the financial flows for the education sector and in particular for primary education, to identify sources of financing to cover the educational costs thereof, and to improve the use of the resources obtained from the delivery of primary education services.
3. To improve the effectiveness and efficiency of institutions in the Borrower's education sector including, inter alia, MENJS and FONHEP.
4. To develop: (a) construction and maintenance standards and, to define technical specifications for the maintenance of primary education schools; and (b) administrative and financing schemes for primary education school construction and maintenance in the sector.
5. Design and implementation of a pilot and a general living standards measurement survey, the results of which will be utilized by MENJS and the remaining of the Borrower's ministries.

Part B: Primary Education Quality Improvement

1. Instructional delivery in public primary education schools
  - (a) Technical assistance to assess the needs of quality improvement in the delivery of education services and to develop written and audiovisual materials.
  - (b) Advance training of about 6 staff members of MENJS in issues related to the delivery of educational services.
  - (c) Training about 1000 teachers, about 20 trainers of trainers, about 10 district directors and 10 inspectors of public primary education schools.
  - (d) Provision and utilization of equipment and materials for the training of public-schools teachers, district directors, and trainers of trainers of public schools.
  - (e) Acquisition, distribution and utilization of textbooks for about 35,000 students, teachers guides for about 1000 teachers, and record-keeping and programming materials for about 250 public schools.
2. Eligible Schools Improvement
  - (a) Training of about 700 principals and about 5,400 teachers at Eligible Schools.
  - (b) Provision and utilization of equipment and materials for the training of teachers at Eligible Schools.
  - (c) Acquisition, distribution and utilization of textbooks for about 35,000 students as well as teachers' guides for about

5,400 teachers.

(d) Training of about 42 Eligible Private Pedagogical Advisors at Eligible Schools.

(e) Acquisition and utilization of 42 motorcycles for use in supervising the educational quality of Eligible Schools.

(f) Advance training of 2 staff members of FONHEP in issues related to the delivery of educational services.

### 3. Achievement Testing

Carrying out of achievement tests:

(a) to fourth grade students of 500 public schools to assess the quality of educational services provided by such schools; and

(b) to students in about 2,500 primary education schools in the public and private sector upon completion and review of the results of the survey referred to in (a) above.

### 4. School Reconstructions

(a) Reconstruction of about nine Public Schools Eligible for Civil Works and rehabilitation of about 33 Public Schools Eligible for Civil Works.

(b) Reconstruction of three Eligible Schools Eligible for Civil Works, rehabilitation of three Eligible Schools Eligible for Civil Works, and rehabilitation of two teacher training centers.

(c) Provision and utilization of furniture and equipment for the schools referred to in (a) above and about 70 public primary education schools acceptable to the Association.

(d) Provision and utilization of furniture and equipment for the schools referred to in (b) above.

### Part C: Resource Management

(a) Technical assistance to MENJS for setting up a unified personnel management system and to support basic record keeping and budgeting.

(b) Acquisition and utilization of computer equipment for MENJS personnel and statistics office at headquarters and for MENJS regional offices.

(c) Improvement of the administrative and accounting procedures of FONHEP and selected Eligible Schools.

\* \* \*

The Project is expected to be completed by June 30, 1995.

## SCHEDULE 3

### Procurement and Consultants' Services

#### Section I. Procurement of Goods and Works

##### Part A: International Competitive Bidding

Except as provided in Part C hereof, goods (including textbooks) 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).

##### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Haiti 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. Goods estimated to cost the equivalent of \$20,000 or less per contract, up to an aggregate amount equivalent to \$350,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.
2. Civil works shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:
  - (a) With respect to each contract for goods estimated to cost the equivalent of \$100,000 or more, and with respect of the first two contracts each for goods and works procured following the procedures of Part C hereof, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply.
  - (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.
  - (c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.
3. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

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

SCHEDULE 4

Implementation Program

- | A. Actions To be taken by the Borrower   | Date (by)                          |
|--|------------------------------------|
| 1. (a) Maintain a Project implementation unit with powers and responsibilities, and staffing, satisfactory to the Association, including without limitation an executive director, a Project controller, and a procurement/disbursement assistant, all with qualifications and experience satisfactory to the Association. |                                    |
| (b) Provide all funds and other resources as shall be needed for the operation of such unit.   | At all times during Project imple- |

mentation

- (c) Without limitation to subparagraphs (a) and (b) above, allocate at least:
- (i) (A) \$30,000 equivalent; and (B) \$150,000 equivalent to finance, inter alia, salaries related to, and printing and administration of, an end-of-first cycle examinations in schools; and  
(A) October 1, 1991; and  
(B) October 1, 1992 and each October 1 of each year thereafter
  - (ii) \$100,000 equivalent to finance the travel expenses of Eligible Public School Pedagogical Advisors after October 1, 1993.  
October 1 each fiscal year
2. Furnish to the Association action plans, satisfactory to the Association, prepared respectively under Parts A.1, A.2 and A.3 of the Project.  
December 31, 1992
3. (a) Complete the design of both the pilot and the general surveys to be carried out under Part A.5 of the Project.  
June 30, 1993
- (b) Complete implementation of the pilot survey referred to in Part A.5 of the Project.  
June 30, 1994
- (c) Complete implementation of the general survey referred to in Part A.5 of the Project.  
June 30, 1995
4. (a) Furnish to the Association an analysis of the payroll redundancies in the education sector and an action plan, indicating ratios of operating expenses to salaries, all satisfactory to the Association, to eliminate the redundancies referred to above by June 30, 1992.  
December 31, 1991
- (b) Carry out the plan referred to in 4 (a) above.  
As specified in the plan
- (c) Computerize the education sector payroll.  
December 31, 1992
- (d) Furnish to the Association the Borrower's proposed budget for the education sector, showing, inter alia, that the ratios of operating expenses to salaries meet the targets set forth in the plan referred to in 4 (a) above.  
Three months before the end of each fiscal year
- (e) Provide in its annual budgets, and make available promptly as needed for the financing of recurrent expenditures of its primary education program an amount of no less than gourdes 3,900,000, adjusted to take into account the variations of the price index each year as published by the Central Bank in its quarterly Bulletin de la Banque de la Republique d'Haiti, Indice du Coct  
August 31

- de la vie. each year
- (f) Without limitation to the provisions to Section 9.01 of the General Conditions, review with the Association the progress made in the implementation of the MENJS Subproject and the Survey Subproject. Two months before the end of each fiscal year
5. Establish and thereafter maintain, under terms and conditions satisfactory to the Association, a coordination committee to, inter alia:
- (a) make recommendations to the PIU on, and review and approve terms of reference of, the consultants to be hired to prepare the action plans under Part A (1) through (4) of the Project; and
- (b) assist in the technical supervision of such consultant and ensure consistency between the action plans to be prepared under such Parts of the Project. At all times
6. Without limitation to the provisions of Section 9.06 of the General Conditions, furnish to the Association, progress reports of the MENJS Subproject. March 1, June 30, September 30 and December 31 each year
- B. Actions to be taken by FONHEP
1. Carry out a training plan, satisfactory to the Association, for pedagogical advisors and regional administrative staff. As specified in such plan
2. (a) Enter into agreements, or make other arrangements, satisfactory to the Association, with the communities involved in, and to benefit from, the reconstruction and rehabilitation of Eligible Schools Eligible for Civil Works under Part B.4 (b) of the Project, providing, inter alia, for their obligations to make the land available, to fence and to terrace the property concerned. Before signing a contract for the provisions of services under Part B.4 (a) of the Project for the and respective community
- (b) Enter into an agreement with each Eligible School, under terms and conditions satisfactory to the Association, setting forth their respective obligations in the carrying out of, and benefitting from the Project. Before commencing any activities for the benefit of the Eligible School concerned
- (c) Comply with the provisions of each of the agreements referred to in (a) and (b) above. As specified in such agreements
3. (a) Maintain a staffing structure, satisfactory to the Association, including without limitation the positions of technical staff and controller,



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| with qualifications and experience satisfactory to the Association.  | At all times  |
| (b) Without limitation to subparagraph (a) above, allocate at least \$100,000 equivalent to finance selected FONHEP salaries.  | Each fiscal year  |
| 4. Without limitation to the provisions of Section 9.01 of the General Conditions, review with the Association the progress made by FONHEP in the implementation of the FONHEP Subproject. | Two months before the end of each fiscal year             |
| 5. Without limitation to the provisions of Section 9.06 of the General Conditions, furnish to the Association progress reports of the FONHEP Subproject.                                   | March 31, June 30, September 30 and December 31 each year |

SCHEDULE 5

Terms and Conditions of the  
Subsidiary Agreement

1. The Subsidiary Agreement shall provide, inter alia, the following rights and obligations:
  - (a) the transfer by the Borrower of the proceeds of the Credit allocated for the FONHEP Subproject to FONHEP, as a grant, in such amounts as it shall be required by FONHEP for the carrying out of the FONHEP Subproject;
  - (b) FONHEP's obligation to carry out the FONHEP Subproject: with due diligence and efficiency and in accordance with sound administrative, educational, economic, financial and managerial standards and to maintain adequate records to reflect in accordance with sound accounting practices, the operations, resources and expenditures in respect of the FONHEP Subproject all as provided in the Development Credit Agreement;
  - (c) the requirement that: (i) the goods and services of the FONHEP Subproject to be financed from the proceeds of the Credit shall be procured in accordance with Schedule 3 of the Development Credit Agreement; and (ii) such goods and services shall be used exclusively in the carrying out of the FONHEP Subproject;
  - (d) the right of the Borrower through MENJS to inspect, by itself, or jointly with representatives of the Association, if the Association shall so request, the facilities, sites, works, plants and construction included in the FONHEP Subproject, the operations thereof, and any relevant records and documents;
  - (e) the right of the Borrower through MENJS to obtain all such information as the Borrower through MENJS or the Association shall reasonably request regarding the foregoing, the administration, operations and financial condition of the FONHEP Subproject and the benefits to be derived from the FONHEP Subproject;
  - (f) the right of the Borrower to suspend or terminate the right of FONHEP to use the proceeds of the Credit upon failure by FONHEP to perform any of its obligations under the Subsidiary Agreement;
  - (g) the specific goods, works and services to be provided by FONHEP for purposes of the FONHEP Subproject; and
  - (h) the specific obligations referred to in Articles III and

IV (as they apply to FONHEP) and Section 5.01 of, and Part B of Schedule 4 to, the Development Credit Agreement.

#### SCHEDULE 6

##### Eligibility Criteria

The following are the applicable eligibility requirements for Public Schools Eligible for Civil Works, Eligible Schools Eligible for Civil Works, Eligible Public Pedagogical Advisors and Eligible Schools Pedagogical Advisors.

##### Part 1. Public Schools Eligible for Civil Works

Public schools with schooling operating costs per student of less than \$100 equivalent, the buildings of which have reached a stage of deterioration representing a hazard for teachers and students, not exceeding in the aggregate:

(a) one primary education public school per geographical department in the Borrower's territory for reconstruction under Part B.4 (a) of the Project;

(b) two primary education public schools per school district and three other acceptable to the Association for rehabilitation under Part B.4 (a) of the Project; and

(c) one basic secondary education school per school district for rehabilitation under Part B.4 (a) of the Project.

##### Part 2. Eligible Schools Eligible for Civil Works

1. Eligible Schools not exceeding in the aggregate two managed by the catholic church, two by the protestant missions, and two by non-confessional organizations.

2. Eligible Schools which:

(a) are no less than three years old;

(b) have a principal and a school board who consent to be supervised on financial management as well as on education practices;

(c) use FONHEP's standards and financial and administrative tools, which include, inter alia: accounting books, a payroll registry, a budget and financial account book, and attendance record for teachers and students, a lessons plan notebook per class, a record file per student, and a curricular file per grade; and

(d) are not to receive similar financial assistance from any other external donor.

##### Part 3. Eligible Public Pedagogical Advisors

(a) two per school district;

(b) have a professional certificate of aptitude (CAP) equivalent, have been trained by the Borrower's Institut Pedagogique National (IPN) and/or have been trained following the curriculum developed by IPN in 1982; and

(c) have no less than 3 years of experience.

##### Part 4. Eligible Schools Pedagogical Advisors

(a) have a professional certificate of aptitude (CAP) or equivalent and have 5 years of experience, or have a secondary level diploma or have a diploma from a normal school; and

(b) be a director and not an owner of a school or teach in an Eligible School.

