

CONFORMED COPY

CREDIT NUMBER 3573 MAU

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

(Education Sector Development Project)

between

THE ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 2, 2006

AGREEMENT, dated March 2, 2006 between the ISLAMIC REPUBLIC OF MAURITANIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association);

WHEREAS (A) the Borrower and the Association have agreed to amend the Development Credit Agreement between the Borrower and the Association dated October 31, 2001 (hereinafter referred to as the "Development Credit Agreement") in the manner as herein set forth, in order to, *inter alia*, reflect in the provisions of the Development Credit Agreement the reallocation of the Credit's proceeds among categories, the postponement of the Closing date, the update in procurement guidelines and in the performance indicators.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

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

THE ISLAMIC REPUBLIC OF MAURITANIA

By /s/ Mohamed Ould El Abed
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Diariétou Gaye
Authorized Representative

**ANNEX TO THE AGREEMENT PROVIDING FOR AN AMENDMENT
AND RESTATEMENT OF THE DEVELOPMENT CREDIT
AGREEMENT DATED OCTOBER 31, 2001**

CREDIT NUMBER 3573 MAU

Development Credit Agreement

(Education Sector Development Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 31, 2001

CREDIT NUMBER 3573 MAU**DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated October 31, 2001, between ISLAMIC REPUBLIC OF MAURITANIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter, dated July 27, 2001, from the Borrower, describing a program of actions, objectives and policies designed to develop 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, 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;

(D) the Borrower intends to obtain from the African Development Bank, the French Republic, the Islamic Development Bank, the United Nations Development Programme and other donors (hereafter cumulatively referred to as Donors) loans or grants, as the case may be, in an aggregate amount equivalent to approximately seventy million Dollars (\$70,000,000), to assist in the financing of the Program on the terms and conditions set forth in the respective loan or grant agreements (the Other Financing Agreements) to be entered into between the Borrower and each of the Donors; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I**General Conditions; Definitions**

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999), 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 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) “AMEXTIPE” means *Agence Mauritanienne d’Exécution des Travaux d’Intérêt Public pour l’Emploi*, an entity established and operating under the laws of the Borrower;

(b) “Beneficiary” means the recipient of a Grant (as hereinafter defined) for a Subproject (as hereinafter defined) under Part E of the Project;

(c) “CBS” means Community Based Support Grants;

(d) “*Comité National de la Santé Scolaire*, or “CCSS” means the Borrower’s Committee on school health issues, to be established under the Project;

(e) “*Comité de Coordination du Programme*” or “CCP” means the Borrower’s Program coordinating committee referred to in paragraph 4 of Schedule 4 to this Agreement, established and operating under the laws of the Borrower;

(f) “*Comité de Gestion de Programme*” or “CGP” means the Borrower’s committee responsible for the operational coordination of education activities under the Program referred to in paragraph 4 of Schedule 4 to this Agreement, established and operating under the laws of the Borrower;

(g) “DAFM” means *Direction des Affaires Administratives, Financières et du Matériel*, the Directorate in charge of administrative and financial affairs and equipment at MEN (as hereinafter defined);

(h) “DESUP” means *Direction de l’Enseignement Supérieur*, the Directorate for Higher Education in MEN (as hereinafter defined);

(i) “DH” means *Direction de l’Hydraulique*, the Directorate responsible for water in MHE (as hereinafter defined);

(j) “DPC” means *Direction de la Planification et de la Coopération*, the Directorate Planning and Coordination in MEN (as hereinafter defined);

(k) “DPEF” means *Direction des Projets Education et Formation*, the Department in MAED (as hereinafter defined) in charge of carrying out education and training projects;

(l) “DREN” means *Direction Régionale de l’Education Nationale*, the deconcentrated Regional Directorates for Education of MEN (as hereinafter defined) to be established under the Project;

(m) “ECD” means Early Childhood Development;

(n) “ECDG” means Early Childhood Development Support Grants;

(o) “Education V Project” means the education project financed pursuant to the Development Credit Agreement entered into by the Borrower and the Association on May 26, 1995 as amended and restated on September 27, 1996;

(p) “Eligible Categories” means Categories (1) through (6) set forth in the table in Part A. 1 of Schedule 1 to this Agreement;

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

(r) “ENI” means *Ecole Normale d’Instituteurs*, the two Teachers’ Training Institutes of the Borrower;

(s) “Fiscal Year” or “FY” means the fiscal year of the Borrower starting January 1 and ending December 31 each calendar year;

(t) “Grant” means a grant made or proposed to be made by the Borrower to a Beneficiary for the implementation of a Subproject (as hereinafter defined) pursuant to the terms and conditions set forth in paragraph 9 of Schedule 4 to this Agreement;

(u) “IEC” means Information, Education and Communication campaigns;

(v) “IHE” means Institutes of Higher Education, any one of the institutes of higher education established and operating under the laws of the Borrower;

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

(x) “INPFTP” means *Institut National de Promotion de la Formation Technique et Professionnelle*, the Borrower’s Technical and Professional Training Institute to be established under the Project;

(y) “IT” means information technology and its practical use, such as video conferencing, audio-visual training, computerized sharing of training and research resources and linking with the African Virtual University;

(z) “LSG” means Literacy and Mahadras Support Grants;

(aa) “Mahadras” means a private school offering nonformal Islamic education in Arabic;

(bb) “MAED” means *Ministère des Affaires Economiques et du Développement*, the Borrower’s Ministry for Economic Affairs and Development;

(cc) “MEN” means *Ministère de l’Education Nationale*, the Borrower’s Ministry of National Education;

(dd) “MHE” means *Ministère de l’Hydraulique et de l’Energie*, the Borrower’s Ministry for Water Supply and Energy;

(ee) “NGO” means a non-governmental organization, established and operating under the laws of the Borrower

(ff) “Ouguiga” or “UM” means the currency of the Borrower;

(gg) “Procedural Manual” means a manual for carrying out a Grant under Part E of the Project, and “Procedural Manuals” means all such manuals;

(hh) “Procurement Plan” means the Borrower’s procurement plan, updated as of January 17, 2006 covering an 18 month period (or longer) of Project implementation, as the same has been and shall continue to be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation.

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

(jj) “Project Implementation Manual” means the Project Implementation Manual referred to in paragraph A.1 of Schedule 4 to this Agreement and includes, inter alia, work-plans, monitoring and performance indicators and procedures to be used for the purpose of carrying out the Project, as well as the agreement concluded between MHE, MEN and MAED pertaining to the carrying out of Part C. 2 (a) (ii) of the Project, as the same may be amended from time to time with the approval of the Association, and such term includes any schedules to said Manual;

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

(ll) “PSEG” means Private Sector Education Grants;

(mm) “RRC” means Regional Resource Center, the Borrower’s regional ECD training and promotion centers;

(nn) “RSG” means Research Support Grants;

(oo) “SEAE0” means *Secrétariat d’Etat à l’Alphabétisation et à l’Enseignement Originel*, the Borrower’s Ministry for Adult Literacy Training;

(pp) “SECF” means *Secrétariat d’Etat à la Condition Féminine*, the Borrower’s Ministry for women affairs;

(qq) “SPEG” means School Performance and Enhancement Grants;

(rr) “Special Account” means a Special Deposit Account to be opened pursuant to Part B.1 of Schedule 1 to this Agreement;

(ss) “Subproject” means any one of the activities financed by a Grant;

(tt) “Subproject Grant Agreement” means the agreement entered into between the Borrower and a Beneficiary for the purpose of carrying out a Subproject;

(uu) “Technical Study” means technical studies including, inter alia: (i) an environmental assessment including an evaluation of alternative options; (ii) architectural studies including un *schéma directeur de l’espace*; and (iii) engineering studies including physical access to the campus and to individual buildings, water, electricity supply and waste removal;

(vv) “TVTF” means Technical and Vocational Training Fund, a training financing institution to promote pre-service and in-service training, to be established under the Project;

(ww) “UNICEF” means the United Nations International Children’s Emergency Fund;

(xx) “University of Nouakchott” and “UoN” means the public university in the capital city of the Borrower established pursuant to *Ordonnance* 81-208, dated September 16, 1981 and operating pursuant to Decree 81-231 dated October 20, 1981;

(yy) “VTG” means Vocational Training Support Grants; and

(zz) “WHO” means World Health Organization.

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-nine million one hundred thousand Special Drawing Rights (SDR 39,100,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) amounts paid (or, if the Association shall so agree, amounts to be paid) by the Borrower on account of withdrawals made under a Grant to meet the reasonable costs of goods, works and services required for a Subproject in respect of which the withdrawal from the Credit Account is requested; and (ii) expenditures made (or if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Credit.

Section 2.03. The Closing Date shall be December 31, 2007, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

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

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

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on April 1 and October 1 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 April 1 and October 1, commencing April 1, 2012, and ending October 1, 2041. Each installment to and including the installment payable on April 1, 2022 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the 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, financial, educational and environmental practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the carrying out of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) 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, as may be further elaborated in the Procurement Plan.

(b) The Borrower shall update the Procurement Plan in accordance with terms of reference acceptable to the Association, and furnish such update to the Association not later than 12 months after the date of the preceding Procurement Plan, for the Association's approval.

Section 3.03. For the purposes of Section 9.07 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 one (1) month after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan for safeguarding the objectives of the Project; and

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

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

(a) until the completion of the execution of the Project open and maintain an account in UM 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 UM 50,000,000 (the Initial

Deposit) to finance the Borrower's contribution to the expenditures required under the Project;

(c) thereafter during each following quarter, deposit into the Project Account the amount required to cover the Borrower's counterpart contribution for each such following 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 or any Other Financing Agreement.

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 including the records and accounts for the Special Account audited 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 no later than six months after the end of each Fiscal Year: (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 18 months following the Effective Date, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association, each of which:

- (i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;
- (ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and
- (iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

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

ARTICLE V

Remedies of the Association

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

- (a) a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out;
- (b) (i) Subject to subparagraph (ii) of this paragraph:

- (A) the right of the Borrower to withdraw the proceeds of any grant or loan made 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 respective Other Financing 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(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:

- (a) The Borrower has opened the Project Account and deposited therein the Initial Deposit;
- (b) The Borrower has 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;
- (c) The Borrower has appointed, in accordance with the provisions of Section II of Schedule 3 to this Agreement, for DPEF, two staff responsible for procurement;
- (d) The Borrower has adopted and furnished to the Association the Project Implementation Manual and a financial management manual, both in form and substance acceptable to the Association; and
- (e) The Borrower has entered into an agreement with AMEXTIPE pertaining to the execution of Parts A.3 (b) and A.4 (a) and (b); B.3 (a) and (c); C.2 (iii) and D.1 (b) (i) and (c) (i) of the Project, 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 in charge of economic affairs of the Borrower 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:

Minister of Economic Affairs and Development
Ministry of Economic Affairs and Development
B.P. 238
NOUAKCHOTT
Islamic Republic of Mauritania

Telex:
540 MTN

Facsimile:
(222-5)-250-349

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.

ISLAMIC REPUBLIC OF MAURITANIA

By /s/ Mohamed Ould Nany

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ David Craig

Acting Regional Vice President
Africa

SCHEDULE 1
Withdrawal of the Proceeds of the Credit

A. General

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

	Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1)	Works for:		
	(a) Parts A.3 (b) and A.4 (a) and (b); B.3 (a) and (c); C.2 (iii) and D.1 (b) (i) and (c) (i) of the Project (<i>Amextipe</i>)	9,610,000	92 %
	(b) Other	370,000	100% of foreign expenditures and 85% of local expenditures
(2)	Goods	7,910,000	100% of foreign expenditures and 85% of local expenditures
(3)	Consultants' services		100% of foreign expenditures and 85% of local expenditures
	(a) for Part D 2 (g) of the Project	480,000	
	(b) Other	7,090,000	
(4)	Training	3,110,000	100%
(5)	Grants		100% of amounts disbursed
	(a) Part E.1 of the Project (<i>CBS</i>)	8,730,000	
	(b) Part E.4 of the	330,000	

	Project (VTG)		
	(c) Part E.6 of the Project (RSG)	110,000	
	(d) Parts E.2, E.3, E.5 and E.7 of the Project	450,000	
(6)	Operating costs	870,000	85%
(7)	Unallocated	40,000	
	TOTAL	39,100,000	

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; and

(c) the term “Operating costs” means the incremental operating costs arising under the Project on account of contractual staff salaries and allowances, maintenance of vehicles, fuel, equipment, office rent and supplies, utilities, consumables, travel and accommodation, and audits, but excluding salaries of officials of the Borrower’s civil service.

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

(a) for expenditures prior to the date of this Agreement, with the exception of withdrawals, in an aggregate amount not exceeding the equivalent of SDR 800,000 in respect of Category 3 (a) of the table in paragraph 1 above on account of payments made for expenditures before that date but after August 10, 2001;

(b) for expenditures in respect of Category 5 (b) unless and until the Procedural Manual for VTGs has been submitted to the Association, in form and substance satisfactory to the Association;

(c) for expenditures in respect of Category 5 (c) unless and until the Procedural Manual for RSGs has been submitted to the Association, in form and substance satisfactory to the Association; and

(d) for expenditures in respect of Category 5 (d) unless and until the Procedural Manual for (i) SPEG, (ii) PSEGs, (iii) ECDG and (iv) LSG has been submitted to the Association, in form and substance satisfactory to the Association.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for: (i) goods under contracts costing less than \$250,000 equivalent each; (ii) works under contracts costing less than \$500,000 equivalent each; and (iii) consulting services under contracts with (A) firms costing less than \$100,000, or (B) individuals

costing less than \$50,000 equivalent each; all under such terms and conditions as the Association shall specify by notice to the Borrower.

B. Special Account

1. The Borrower shall open and maintain, in Dollars, a special deposit account in the name of DPEF (the Special Account) in a commercial bank acceptable to the Association, on terms and conditions acceptable to the Association, including appropriate protection against set-off, seizure or 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 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 out of the Special Account, the Borrower shall, as the case may be, 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. 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 any Project Management Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

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

(c) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of (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.

5. 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.

6. (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 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of this 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 equivalent to four million Dollars (\$4,000,000) 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 two million Dollars (\$2,000,000) until the aggregate amount of withdrawals from the Credit Account allocated to the Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal or exceed the equivalent of seven million Special Drawing Rights (SDR 7,000,000).

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account should be made as follows:

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

(b) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposit into the Special Account at such intervals as the Association shall specify. Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the 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. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the 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 allocated to the Eligible Categories minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions, in respect of expenditures to be financed out of the proceeds of the Credit allocated to said Categories, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to said Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts

remaining on deposit in the 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 the 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 six million Dollars (\$6,000,000).

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in: (a) improving the quality and relevance of teaching and learning processes and outcomes at all levels of the education sector; (b) promoting regional and gender equity in access to schooling, especially at the primary and secondary levels; (c) increasing the external efficiency of the education system by fostering closer linkages between technical and professional training, higher education and the labor market demands; and (d) enhancing the administrative, technical, pedagogical, and financial management capacity of the staff of the education system.

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: Strengthening the Administrative, Financial, and Pedagogic Management Capacity in the Education Sector

1. Developing Overall Monitoring System

(a) Development of an educational management information system through the development of criteria necessary for monitoring and policy decision making, including data on student and teacher ratios, examination results and educational cost breakdowns.

(b) Reinforcement of planning and school mapping procedures, through the integration of planning methodology necessary for policy decision making, comprising, inter alia, (i) establishment of coherent data collection- and -analysis systems; (ii) integration of demographic-, contextual- and geographically based information; (iii) consultations with parents, school administrators and local officials; and (iv) IEC campaigns.

2. Improving the Management of Human Resources in the Education Sector

(a) Creation of a structure in charge of human resources and upgrading of the managerial skills of its personnel through, inter alia, structural reorganization, consolidation of personnel data information systems, and introduction of performance incentives for supervisors and administrative staff.

(b) Reforming of teacher deployment, compensation and career management through, inter alia, improvement of teacher promotion policies based on performance.

3. Development of a Results-Based Pedagogic Monitoring System

(a) Establishment of a performance based educational management system for central government and local administrative staff and school administrators.

(b) Standardization of the learning assessment system and creation of a central examination office.

(c) Development of criteria and procedures for the management of pedagogic materials.

4. Improving the Financial and Administrative Management

(a) Strengthening MEN's competencies through the development of an organizational chart clarifying policy and decision making responsibilities, and improvement of facilities.

(b) Establishment of, and assignment of responsibilities to, DRENs and appropriate staffing of said DRENs.

(c) Appointment and retraining of key administrative staff in accordance with revised job profiles.

5. The provision of technical advisory services and training for selected staff and personnel of MEN, the acquisition of equipment for the carrying out of the activities required under Part A. 1 through 4, and the carrying out of works for Parts A.3 (b), and A.4 (a) and (b).

Part B.: Improving the Quality and Efficiency of Education Services

1. Primary Education: Improving the Quality of Teaching-Learning Contents and Processes

(a) Development of professional profiles and provision of pre-service and in-service training for teachers, inspectors, pedagogic advisors and targeted administrative staff in accordance with pre-established profiles.

(b) Development and implementation of a competency-based curriculum and provision of an adequate supply of teaching and learning materials to all teachers and students.

(c) Development of a learning assessment system.

(d) Strengthening of the pedagogic and managerial capacities of ENI staff.

2. Secondary Education: Improving Quality and Efficiency

(a) Development of professional profiles and provision of pre-service training for teachers and in-service training for teachers, inspectors, pedagogic advisors and selected administrative staff.

(b) Development and implementation of a new competency-based curriculum.

(c) Development and provision of textbooks to all educational establishments, and equipment of laboratories in selected educational establishments.

(d) Development of a learning assessment system.

3. Promoting ECD Activities

(a) Establishment of eight RRCs and rehabilitation of three RRCs.

(b) Provision of pre- and in-service training to ECD staff in RRCs.

(c) Establishment of a national center for: (i) curriculum development, and (ii) provision of training to RRC staff.

(d) Establishment of an inter-sectoral ECD committee to develop a framework for ECD activities and promote IEC strategies.

(e) Promotion of community based and privately sponsored ECD initiatives through the development and distribution of teaching-learning material and the provision of first aid kits.

4. Promoting School Health

(a) Promoting good practice of hygiene and nutrition at school-level through the training of teachers, the development and distribution of nutrition guides, and the promotion of IEC strategies.

(b) Promoting preventive health care at school-level through the carrying out of vaccination campaigns, administering of anti-parasites' tablets and micronutrients.

5. The provision of technical advisory services and training for selected teachers, selected staff in MEN and SECF, the acquisition of equipment and the carrying out of works for Parts B.3 (a) and (c) and the carrying out of the activities required under Parts B.1 through 4.

Part C.: Promoting Access to- and Equity in Education

1. Promoting Universal Access to Primary Education

(a) Increasing the capacity for access to primary schools through: (i) ensuring that elementary schools cover six grades through extension of multigrade teaching methods; (ii) provision of water supply facilities; (iii) acquisition of equipment; and (iv) testing sustainable school maintenance procedures.

(b) Encouraging teacher deployment in hardship areas through: (i) the carrying out of studies to identify such areas; (ii) design of incentive systems for teachers appointed to said areas; and (iii) the testing of said systems.

2. Increasing Access to and Equity in Secondary Education

(a) (i) Rehabilitation of about 1,000 classrooms and about 300 latrines; (ii) provision of water supply facilities, (iii) construction of about 260 classrooms and adjacent facilities; and (iii) construction of about 30 small-scale colleges.

(b) Acquisition of equipment for the classrooms and the small-scale colleges referred to in Part C.2 (a) above.

3. Promotion of Girls' Education

Promoting the enrollment of girls through the carrying out of studies identifying causes for gender differences in school attendance, testing the establishment of girls' accommodations in selected villages, carrying out of IEC campaigns and provision of rewards to best performing students.

4. Promoting the Private Sector Involvement in Education

Carrying out studies to review or design, as the case may be, and establish an appropriate institutional and legal framework for the fostering of private sector involvement in education and carrying out pilot operations.

5. Promoting Functional Literacy and Non-formal Education

(a) Strengthening the administrative and planning capacity of SEAE0 through the provision of management training to selected SEAE0 staff.

(b) Provision of training in literacy training methodologies to selected teachers and trainers and development and distribution of teaching materials.

(c) Designing parameters allowing access to the formal education sector for students of the non-formal education systems through, inter alia, introduction of appropriate curricula in the Mahadras and the carrying out of pilot activities.

(d) Promoting functional literacy programs carried out by selected NGOs, selected other local entities and parents associations.

6. Carrying out of works under Part C. 2 (a) of the Project and studies, provision of training to selected staff in MEN, SEAE0, acquisition of equipment for the activities under Parts C.1 through 5 above.

Part D: Improving the Efficiency and Relevance of the Technical, Vocational, and Higher Education Systems

1. Strengthening the Linkage between the Technical and Vocational Training and Market Demands

(a) Establishment of TVTF.

(b) Strengthening of the institutional framework for technical and professional training through: (i) provision of technical advisory services and the carrying out of works for the establishment of INPFTP; (ii) development of strategies to assess needs-to-skill matches; (iii) carrying out of constant market monitoring activities; and (iv) provision of constant timely feed back of market information to the respective training institutions.

(c) Strengthening the capacity of the Technical Education and Vocational Training Centers through: (i) the carrying out of works to renovate selected facilities; (ii) the provision of equipment to selected facilities; and (iii) the provision of training to selected trainers, instructors and tutors.

2. Improving the Quality and Efficiency of Higher Education

(a) Enhancing the financial and academic autonomy of the higher education institutions through, inter alia: (i) the carrying out of studies to define the administrative, academic and budgetary autonomy of DESUP, the University of Nouakchott and each of the IHEs and, pursuant to the recommendations of said studies, formulation of a coherent higher education policy; and (ii) drafting and adoption of legal regulations adequate for the enforcement of said policy.

(b) Reforming public funding for higher education through: (i) the implementation of a transparent fund allocation policy among IHEs based on the said policy of the preceding paragraph (a); and (ii) the provision of training and overseas study tours for selected staff in MEN, the University of Nouakchott and selected IHEs.

(c) Conclusion of agreements (*contrats programmes*) between MEN and selected IHEs pursuant to the policies referred to in the preceding paragraphs (a) and (b).

(d) Improving the teaching of science and technology and promoting scientific research through: (i) provision of training to selected teachers of science and technical classes in the UoN and selected IHEs; (ii) promotion of twining and technical assistance arrangements between UoN, IHEs and regional and international teaching and research institutions; (iii) promotion of IT; and (iv) provision of teaching and research equipment.

(e) Professionalization and diversification of the training courses of UoN and IHEs through: (i) the carrying out of studies to develop a strategy establishing linkages with the private sectors and (ii) implementation of said strategy.

(f) Carrying out studies to identify the organization and content of libraries for the faculties of UoN and design appropriate procurement methods and the acquisition of books pursuant to said method.

(g) Carrying out of a Technical Study for a future consolidated UoN campus.

3. Carrying out of studies for the carrying of the activities under Parts D.1 and 2, provision of training to selected staff in IHEs, acquisition of equipment for INPFTP and the IHEs.

Part E: Subprojects

The provision of Grants for the carrying out of Subprojects under the following programs:

(1) the promotion by CBS of community-based school construction, including latrines, office-storage and fencing, and the provision of equipment;

(2) the promotion by SPEG of decentralized mechanisms for school improvement;

(3) the promotion by PSEG of private sector education;

(4) the promotion by VTG of new methodologies of pre-service and in-service technical training;

(5) the promotion by ECDG of community-based initiatives;

(6) the promotion by RSG of IHE research projects; and

(7) the promotion by LSG of functional literacy activities and Mahadras.

* * *

The Project is expected to be completed by June 30, 2006.

SCHEDULE 3

Procurement

Section I. General

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule. If the Borrower employs any procurement or inspection agents, it shall ensure that the requirements of Section 3.10 and 3.11 of the Procurement Guidelines are met.

B. All consultants' services shall be procured in accordance with Section I, paragraphs 3.15 through 3.20, and Section IV of, and Appendix 2 to, the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Association of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than \$100 000 equivalent per contract and works estimated to cost less than \$ 250 000 equivalent per contract, may be procured under contracts awarded on the basis of national competitive bidding.

2. Shopping. Goods and works estimated to cost less than \$30 000 equivalent per contract, may be procured under contracts awarded on the basis of shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines

3. Procurement from UN Agencies. Drugs and micronutrients estimated to cost less than \$100,000 equivalent per contract may be procured directly from WHO or UNICEF in accordance with the provisions of paragraphs 3.1 and 3.9 of the Procurement Guidelines.

4. Community Participation. Goods, works and services required for Part C.1 (a) of the Project may be procured on the basis of community participation in accordance with the procedures acceptable to the Association.

5. Force Account. Works for water supply to rural schools, up to an aggregate amount equivalent to \$1,070,000, which the Association agrees meet the requirements for Force

Account may be carried out by DH in accordance with the provisions of said procurement method.

Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of quality and cost in accordance with the provisions of Section II of the Consultant Guidelines. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$100 000 equivalent per contract may comprise entirely national consultants.

B: Other Procedures

1. Least-cost Selection. Audit services for assignments which the Bank agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of lowest cost in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications. Services for training under the project may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

3. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for single source selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines for :

(a) the extension of the following activities or services rendered under the implementation of the Education V Project by the service providers having performed earlier services: (i) curricula and textbook development; (ii) multigrade and large group teaching; (iii) supervision of community-based construction; and (iv) project management staff; and

(b) the carrying out of Parts A.3 (b) and A.4 (a) and (b); B.3. (a) and (c); C.2 (iii); and D.1 (b) (i) and (c) (i) of the Project by AMEXTIPE.

4. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis in accordance with the provisions of said paragraph 5.4, subject to prior approval of the Bank.

Section IV. Review by the Bank of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods and services (other than consultants' services) estimated to cost the equivalent of US \$250,000 or more procured on the basis of International Competitive Bidding, or National Competitive Bidding or Direct Contracting; (b) each contract for works estimated to cost the equivalent of US

\$500,000 or more procured on the basis of International Competitive Bidding or National Competitive Bidding, or Direct Contracting; and (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of US \$100,000 or more and the terms of reference for each consultants' services irrespective of their value. In addition, with respect to each contract for the employment of individual consultants estimated to cost the equivalent of US \$50,000 or more, the report on the qualifications and experience of all evaluated candidates, the terms of reference and the terms of employment of the consultants shall be subject to prior approval by the Association. All other contracts shall be subject to Post Review by the Association.

SCHEDULE 4
Implementation Program

A. General

1. The Borrower shall carry out the Project through DPEF in accordance with 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, cancel or waive any provision thereof if, in the opinion of the Association, such amendment cancellation or waiver may materially and adversely affect the implementation of the Project.

B. Coordination and Management

2. The Borrower shall maintain policies and procedures adequate to enable it, through DPEF, 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 maintain, until the completion of the Project, the DPEF in a form and with functions, staffing and resources satisfactory to the Association, including the following staff with qualifications and experience, satisfactory to the Association, namely: (i) the Project Director; (ii) a financial manager; and (iii) two procurement specialists. The Project Director shall be responsible for the administration of the Project and the furnishing to the CCP, CGP, and the Association, for review and comments, of the Project progress reports; he or she may delegate the administration of the Grants to a person or entity under his or her responsibility.

4. The Borrower shall maintain, until the completion of the Project, CCP and CGP, both in a form and with functions and members satisfactory to the Association.

C. Annual Reviews and Midterm Review

5. The Borrower shall:

(a) prepare, through the DPEF, under terms of reference satisfactory to the Association, and furnish annually to the CCP and CGP, and the Association, for 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, with particular emphasis on environmental safeguard policies, 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, and a draft work program, including a procurement plan and related budget and comments on measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the twelve month period following such date (Annual Review). The first such report shall be furnished to the Association no later than December 31, 2002 or such later date as the Borrower and the Association shall determine;

(b) furnish to the Association, within four weeks after the submission of the report referred to in the preceding subparagraph, the comments of the CGP thereon; and

(c) review with the Association, within four weeks following the submission of the comments referred to in subparagraph (b) of this paragraph, said comments and the report referred to in subparagraph (a) of this paragraph, and 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 the CGP and the Association on the reports.

6. The Borrower shall:

(a) by March 31, 2004, or such other date as the Association shall agree upon, carry out jointly with the CCP, CGP and the Association, a mid-term review (Midterm Review). The Borrower shall take all actions it considers necessary, to ensure the participation of representatives of civil society and in particular parents associations in such Midterm Review. Such Midterm Review shall cover the progress achieved in the implementation of the Project and, more specifically, reflect on the effectiveness of the Subprojects and the Grants distribution methods;

(b) no later than one month prior to the Midterm Review, through the DPEF, furnish to the Association, for its review and comments, a report in such detail as the Association shall reasonably request, on the implementation of the Project; and

(c) following such Midterm Review, act promptly and diligently to take any corrective action as shall be recommended by the Association, to attain the objectives of the Project.

D. Specific Actions

7. The Borrower shall carry out Parts C.1 (a) (ii) and C.2 (a) (ii) of the Project jointly through DPEF and DH.

8. The Borrower shall:

(a) within two months following the Effective Date, establish CCP and CGP with members and responsibilities adequate to carry out its functions, satisfactory to the Association;

(b) by June 30, 2002, or such date as the Borrower and the Association shall determine, furnish to the CGP and the Association, for approval, the implementation manual for VTG;

(c) by December 31, 2003, or such date as the Borrower and the Association shall determine, furnish to the PMC and the Association, for approval, the implementation manuals for SPEG, PSEG, ECDG, LSG and RSG;

(d) by December 31, 2003, or such date as the Borrower and the Association shall determine, furnish to the Association :

(i) for an exchange of views an organizational chart of MEN, and the study under Part C.1 (b) (ii) of the Project; and

(ii) for review, a policy strategy and action plan for textbook publishing and distribution within its territory under Part B.2 (c) of the Project, including a plan to privatize textbook publishing and distribution by December 31, 2005 at the latest.

9. Terms and Conditions for Subproject Grant Agreements

Subprojects shall not be financed out of the proceeds of the Credit unless:

(a) the Borrower has furnished to the Association, for approval, the Procedural Manual for each of the Grants outlining eligible Beneficiaries, terms of co-funding and implementation arrangements which shall, inter alia, provide for the following:

- (i) the amount of the proposed Grant and the Beneficiary's contribution to the costs of the Subproject should adequately cover the total amount required for the carrying out of the Subproject;
- (ii) the Subproject Grant Agreement shall require the Beneficiary to carry out and maintain the Subproject in accordance with the Procedural Manual or the Project Implementation Manual, as the case may be, with due diligence and efficiency and in accordance with appropriate technical, educational, and financial criteria, maintain adequate records in such form and detail as the Borrower may reasonably request, procure the goods to be financed out of the proceeds of the Grant in accordance with the provisions of Section I of Schedule 3 to this Agreement and use such goods exclusively for the carrying out of the Subproject;
- (iii) the exercise by the Borrower or the Association (if the Association shall so request) of the right to inspect the sites relevant to the Subproject, and any relevant documents;
- (iv) the exercise by the Borrower of the remedies in the Subproject Grant Agreement relating to the carrying out or the maintenance of the Subproject should such carrying out or maintenance not conform to the regulations set forth in the Project Implementation Manual and the Subproject Grant Agreement and thereby unfavorably influence the economic return or general efficiency of the Subproject;
- (v) the Beneficiary's obligation to provide the Borrower or the Association with all such information as the Borrower or the Association shall reasonably request, relating to the administration and financial condition of the Subproject; and

(b) the Borrower, through DPEF and TVTF in the case of VTGs, and DPEF in the case of all other Grants, has entered into an agreement with a Beneficiary, in form and substance satisfactory to the Association (Subproject Grant Agreement) for the provision, on a grant basis, of financing a Subproject subject to the provisions of the Procedural Manual.

10. The Borrower shall exercise its rights under the Subproject Grant Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the objectives of the Subproject and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subproject Grant Agreement or any part thereof.

SCHEDULE 5

Performance Indicators

Quality

1. Average achievement of learning objectives by primary education students increases from 33% in the school year 1999/2000 to 45% in the school year 2007/08 and 70% in the school year 2010/11. This indicator measures improvement in learning achievement in primary education.
2. The transition between the first cycle of secondary education and the second cycle of secondary education should decrease from 8,381 students to 5,000 students between the school year 2000/01 and the school year 2007/08. This indicator measures the quality of education in the first cycle of secondary education.
3. Grade repetition in primary education is reduced from 15% in the school year 1999/2000 to 9% in school year 2007/08 and 7% in the school year 2010/11. This indicator measures the internal efficiency of primary education.

Access and Equity

1. Percentage of primary schools offering 6 grades has increased from 17.5% in school year 1999/2000 to 45% in school year 2007/08 and 100% in 2010/11. This indicator measures progress towards the implementation of an essential strategy to increase the number of students who complete primary education.
2. Retention rate in primary education has improved from 55% in school year 1999/2000 to 67% in 2007/08 and 78% in 2011/11. This indicator measures the percentage of students that start school and complete primary education.
3. Girls represent 49% of secondary education enrollment (first cycle) in school year 2007, compared to 43% in school year 1999. This indicator measures gender equity in secondary education (gender difference in primary education enrollment is already low).

Relevance and Effectiveness

1. At least 500 students are enrolled in apprenticeship schemes in 2007 and 2,000 students in 2010. This indicator measures the relevance of vocational and technical training courses in relationship to the needs of the economy.
2. At least 15% of students in higher education to be enrolled in professionally-oriented courses, developed in consultation with enterprises, by 2007. This indicator measures the extent to which the university system is adapted to labor market needs. The target of 2007 has been calculated with the assumption that the physical facilities of the university will have been improved by that date.

Financing and Management Capacity

1. The MEN operating budget, as a share of all state revenues, has increased from 13.5% in FY 1999 to 14.4% in FY 2007, and 15.5% in FY 2010. These percentages

do not include other ministerial expenditures on education and training activities. They measure the extent to which the Borrower is sustaining a stipulated level of education financing in line with the requirements of the Project.

2. The correlation rate between the number of teachers and the number of students per primary school has increased from 79% in school year 1999 to 85% in school year 2007. This indicator measures progress in improving the MEN capacity to allocate teachers to schools in an efficient manner.