

CONFORMED COPY

CREDIT NUMBER 2706 MAU

Agreement Providing for
Amendment and
Restatement of
Development Credit Agreement

(General Education V Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 26, 1995 As Amended and Restated on September 27, 1996

CREDIT NUMBER 2706 MAU

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 27, 1996, between 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 May 26, 1995 (the Development Credit Agreement), in the manner hereinafter set forth (Amendment);

(B) the Association and the Agence Mauritanienne d'Exécution des Travaux d'Intérêt Public pour l'Emploi (AMEXTIPE) have agreed to enter into a Project Agreement of even date herewith;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. The Development Credit Agreement is hereby amended and restated in its entirety so as to read as set forth in the Annex hereto.

Section 1.02. This Agreement shall become effective upon receipt by the Association of a legal opinion within the meaning of Section 12.02 (b) of the General Conditions asserting that the AMEXTIPE Project Agreement has been duly signed by AMEXTIPE and is legally binding upon AMEXTIPE in accordance with its terms.

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/ Billal Ould Werzeg

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Hasan Tuluy

Acting Regional Vice President
Africa

ANNEX

to Agreement providing
for Amendment and
Restatement of Develop-
ment Credit Agreement
dated May 26, 1995

CREDIT NUMBER 2706 MAU

(General Education V Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

As Amended and Restated on September 27, 1996

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 26, 1995, as amended by Agreement (the Amendment) and Restatement on September 27, 1996 between Islamic Republic of Mauritania (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 November 6, 1994 from the Borrower describing a program of actions, objectives and policies designed to improve the Borrower's education system (the Program) and declaring the Borrower's commitment to the execution of the Program;

(C) Part of the Project will be carried out by Agence Mauritanienne d'Execution des Travaux d'Intérêt Public pour l'Emploi (AMEXTIPE) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to AMEXTIPE part of the proceeds of the Credit as provided in this Agreement;

(D) 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 and in the Project Agreement of even date herewith between the Association and AMEXTIPE;

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 modifications thereof set forth below (the General Conditions) constitute an integral part of this Agreement.

(a) The last sentence of Section 3.02 is deleted.

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

"Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Association 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 Project Agreement" means the agreement between the Association and AMEXTIPE of even date with the Amendment, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the AMEXTIPE Project Agreement;

(b) "By-laws" means the internal regulations of AMEXTIPE;

(c) "Convention" means the Agreement, signed on December 9, 1992, between the Borrower and AMEXTIPE, as amended pursuant to Section 3.01 (b) of this Agreement and as the same may be amended from time to time, and such term includes the Manual of Procedures and all annexes, schedules and attachments thereto and to the Convention;

(d) "CTR" means Coordinateur Technique Régional, a regional construction coordinator;

(e) "DEF" means Direction de l'Enseignement Fondamental, a department of MEN responsible for primary education;

- (f) "DES" means Direction de l'Enseignement Secondaire, a department of MEN responsible for secondary education;
- (g) "DP" means Direction du Personnel, a department of MEN responsible for personnel;
- (h) "DPC" means Direction de la Planification et de la Coopération, a department of MEN responsible for planning and cooperation;
- (i) "DPEF" means Direction des Projets Education et Formation, a department of the Borrower's Ministry of Plan, responsible for the coordination of education and training projects;
- (j) "DREF" means Direction Régionale de l'Enseignement Fondamental, a regional department of MEN responsible for primary education;
- (k) "ENI" means Ecole Normale d'Instituteurs, a primary teacher training institute;
- (l) "FAF" means Fonds d'Appui aux Filles, a fund to promote female school enrollment to be established under the Project pursuant to paragraph (1) (i) of Schedule 4 to this Agreement;
- (m) "Fiscal Year" means the fiscal year of the Borrower which starts January 1 and ends on December 31 of each year;
- (n) "IDEF" means Inspection Départementale de l'Enseignement Fondamental, the Departmental Inspectorate responsible for primary education;
- (o) "IEC" means Information, Education and Communication;
- (p) "IPN" means Institut Pédagogique National, the national pedagogical institute;
- (q) "Manual of Procedures" means the Manuel de Procédures used by AMEXTIPE to govern its operations with third parties, which Manuel is annexed to the Convention, as the same may be amended from time to time by AMEXTIPE, and such term includes all annexes, schedules and attachments supplemental to the Manual of Procedures;
- (r) "MEN" means Ministère de l'Education Nationale, the ministry of the Borrower responsible for Education;
- (s) "MH" means Ministère de l'Hydraulique, the ministry of the Borrower responsible for water distribution;
- (t) "MF" means Ministère des Finances, the ministry of the Borrower responsible for finance;
- (u) "Ouguiya" and "UM" means the currency of the Borrower;
- (v) "Project Preparation Advance" means the advance granted by the Association to the Borrower pursuant to an exchange of letters dated May 20, 1994 and June 4, 1994 between the Borrower and the Association.
- (x) "Special Account" means any one of the accounts referred to in Section 2.02 (b) of this Agreement; and
- (y) "Statuts" means the Articles of Agreement of AMEXTIPE.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twenty-three million eight hundred thousand Special

Drawing Rights (SDR 23,800,000).

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.

(b) The Borrower may, for the purposes of Parts A, B, C, D, E and F of the Project, open and maintain in Ouguiya a special deposit account (Special Account A); and for the purposes of Part G of the Project open and maintain in Ouguiya a special deposit account (Special Account B); both in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be June 30, 2001 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 and service charges shall be payable semiannually on June 15 and December 15 each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 15 and December 15, commencing December 15, 2005 and ending December 15, 2034. Each installment to, and including the installment payable on December 15, 2014 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 and Particular Covenants

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, education management and architectural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

Section 3.02. Without any limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall: (i) cause AMEXTIPE to carry out Part G of the Project with due diligence and efficiency and to perform, in accordance with the provisions of the AMEXTIPE Project Agreement, all the obligations of AMEXTIPE therein set forth; and (ii) take or cause to be taken all action, including the provision of funds, facilities, services and other resources necessary or appropriate to enable AMEXTIPE to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

Section 3.03. The Borrower shall: (a) submit to the Association, for its approval, an action plan, for: (i) finalizing MEN's staff listing, including a list of staff identified on MF's payroll as being included in MEN's budget but not actually working for MEN; (ii) removal of staff not working for MEN from MEN's budget; and (b) upon the approval of the Association thereof, proceed thereafter to implement such action plan in accordance with the timetable and modalities set out in such action plan.

Section 3.04. Except as the Borrower and the Association shall otherwise agree, procurement of the goods, works and consultants' services 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 3.05. The Association and the Borrower hereby agree that:

(a) the obligations set forth in Sections 9.03, 9.04, et 9.05, of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, respectively) shall be carried out by AMEXTIPE in respect to Part G of the Project; and

(b) the obligations set forth in Sections 9.07 and 9.08 of the General Conditions (relating to maintenance and land acquisition, respectively) shall be carried out by the Borrower in respect to all Parts of the Project.

Section 3.06. 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 satisfactory to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the continued achievement of the Program's objectives; and

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

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with consistently maintained sound accounting practices the expenditures financed out of the proceeds of the Credit.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts A and B for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six (6) months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

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

(i) maintain, or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account 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: (A) such records and accounts are audited semiannually according to the procedures referred to in paragraph (b) of this Section, (B) a certified copy of the auditor's report be submitted to the Association within six (6) months after the end of such semiannual audit report; and (C) the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such auditing period, together with the procedures and internal controls involved in their preparation, may be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

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

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

(b) as a result of events which have occurred after the date of this Agreement, a situation has arisen which shall make it improbable that AMEXTIPE or the Borrower will be able to perform their obligations under the Convention;

(c) the Convention has been amended, suspended, abrogated, or waived so as to affect materially and adversely the ability of AMEXTIPE to perform any of its obligations under the Project Agreement, or the Convention, as the case may be;

(d) the Borrower or any other authority having jurisdiction have taken any action for the dissolution or disestablishment of AMEXTIPE, or for the suspension of its operations;

(e) AMEXTIPE shall have failed to perform any of its obligations under the Project Agreement;

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (e) of Section 5.01 of this Agreement shall occur and shall continue for a period of thirty days after notice thereof shall have been given by the Association to the Borrower, and

(b) any event specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur.

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 employed the staff referred to in paragraph 1 (b) of Schedule 4 to this Agreement in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(b) the Borrower has submitted to the Association the action plan referred to in Section 3.02 (a) of this Agreement.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time responsible for planning 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:

Ministère du Plan
BP 238
Nouakchott

Mauritania

Cable address:

Telex:

MP
Nouakchott

540 MTN

For the Association:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable address:

Telex:

INDEVAS
Washington, DC

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

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/ Ismail Ould Iyahi

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) (a) Civil works for Part A (1) of the Project	4,700,000	70%
(b) Civil works and supervision for Part (G) of the Project	4,800,000	100%
(c) Civil works for	100,000	100%

Part F (3) of the Project

(2)	Goods	2,800,000	100%
	(a) Goods for Part G of the Project	700,000	100%
(3)	Textbooks	2,500,000	100%
(4)	Consultants' services	2,800,000	100%
	(a) Consultant's services for Part G of the Project	200,000	100%
(5)	Training	600,000	100%
(6)	Pilot operations	350,000	100%
(7)	Operating costs	1,400,000	100%
	(a) Operating costs for Part G of the Project	400,000	100%
(8)	Refunding of Project Pre-paration Advance	600,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(9)	Unallocated	1,850,000	

	TOTAL	23,800,000	
		=====	

2. (a) For the purposes of Category 7 (a) of this Schedule, the term "operating costs" means the incremental costs arising under the Project on account of salaries for contractual staff, office supplies, fuel, vehicle maintenance, travel and subsistence expenses during travel; and

(b) for the purposes of Category 7 (b) of this Schedule, the term "operating costs" means the incremental overhead costs of AMEXTIPE.

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

4. It is understood that the percentages in the table in paragraph 1 of this Schedule have been calculated on the basis of the provisions in Ordonnance No 80-323 of December 10, 1980, of the laws of the Borrower, which exempt the goods and works to be financed from taxes and customs duties levied by the Borrower. If any change is made to said Ordonnances which has the effect of levying taxes or customs duties on such goods or works, the percentages referred to above shall be decreased in accordance with the provisions of Section 5.08 of the General Conditions.

5. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures made for: (a) civil works, goods training, textbooks, pilot operations and operating cost under contracts not exceeding \$150,000 equivalent; (b) for consulting firms under contracts not exceeding \$100,000 equivalent; and (c) for individual consultants' services under contracts not exceeding \$50,000 equivalent; under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in implementing its 1995-2000 educational sector development program through: (a) expanding access to

primary and secondary education in general, and for girls in particular; (b) improving the quality and efficiency of education at all levels; and (c) strengthening sector planning, management and resource use.

Part A: Primary Education

1. Construction and Equipment

(a) Construction of about 1,430 new primary school classrooms in underserved rural regions and periurban areas of Nouakchott;

(b) construction of auxiliary buildings and improvement of water supply for about 200 schools; and

(c) supply of furniture and equipment for the new classrooms referred to under subparagraph (a).

2. Textbook Supply

(a) Improvement of student access to textbooks through strengthening of the existing system, acquisition of about one million textbooks, and evaluation of the said system's performance.

(b) Training of IPN staff in textbook development and publishing.

3. Curriculum Improvement and Teacher Training

(a) Support in curriculum development through: (i) a program to evaluate curricula and textbooks; (ii) a revision of the social environmental studies program; and (iii) capacity building in curriculum development.

(b) Support in teacher training through: (i) rehabilitation of ENI in Nouakchott to improve pre-service training; (ii) development of a pilot program to improve in-service teacher training; and (iii) development and implementation of training modules for double-shift and multigrade classroom teaching.

Part B: Secondary Education

1. Supply of educational aids through the acquisition of: (i) approximately 240,000 textbook and teachers' guides in mathematics, science and language and strengthening of the existing book distribution system; (ii) science kits and the corresponding training for teachers; and (iii) the initial book stock for approximately twenty rehabilitated or constructed libraries under Part G of the Project, as the case may be.

2. Evaluation of the cost effectiveness of science teaching between classes using kits and those using laboratory teaching;

Part C: Private Schools

Establishment of a unit in MEN to promote private schooling.

Part D: Higher Education

1. Training of suitable staff of said University in administrative, librarian and planning skills.

2. Preparation of a long-term development plan for higher education.

Part E: Improving Female Participation in Education

1. Adoption of policies and administrative regulations apt to promote female participation in, and access to, post-primary education.

2. Carrying out: (a) a teacher information and education campaigns; (b) a pedagogical improvement program; and (c) an awareness campaign directed at parents in targeted areas relating to the importance of girls' education.

3. Carrying out pilot interventions and instituting FAF in five selected administrative Regions.

Part F: Strengthening Sector Planning and Management

1. MEN

(a) Improvement of facilities through, inter alia: (i) acquisition of equipment for the offices for seven DREFs and ten IDEFs for which offices are constructed under Part G of the Project; and for the offices of DEF; DES; DP; DPC and IPN; and (ii) logistical support to the directorates enumerated under subparagraph (i).

(b) Improvement of educational statistics and corresponding staff training.

(c) Carrying out a technical audit to analyze the organization and resources of MEN and preparation of an action plan, acceptable to the Association, to improve, inter alia: (i) the sector's resource management; (ii) the elaboration of a curriculum; and (iii) the implementation of in-service teacher training.

2. IPN

Assistance from institutions, acceptable to the Association, technically qualified in the development of evaluation skills relative to: (i) student achievement in primary school; (ii) gender bias in textbooks; and (iii) efficiency of revised teaching programs.

3. DPEF

Strengthening of DPEF through:

(a) Rehabilitation of the DPEF office and provision of furniture, equipment and vehicles;

(b) Provision of five senior DPEF staff to coordinate implementation activities.

Part G: Construction of Secondary, and Higher Educational, Facilities

1. Construction of 20 colleges (with a total of about 120 classrooms), with accessory facilities, (such as administrative offices, sanitary installations, bordering walls and housing for guards) in small urban centers without such facilities.

2. Rehabilitation of 15 college school libraries and construction of 5 such college school libraries.

3. Rehabilitation of ENI at Nouakchott and its examination center.

4. Construction of a documentation center (Centre de Ressources) for the private school sector in Nouakchott.

5. Construction of seven (7) DREFs and ten (10) IDEFs.

6. Rehabilitation and/or construction, as the case may be, of buildings for the University of Nouakchott's two faculties of art and science and its rectorate, and acquisition of equipment.

* * *

The Project is expected to be completed by December 31, 2000.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding (ICB)

1. Except as provided in Part D hereof, goods and works 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 1992 (the Guidelines), and in accordance with the following additional procedures:

(a) When contract award is delayed beyond the original bid validity period, such period may be extended once, subject to and in accordance with the provisions of paragraph 2.59 of the Guidelines, by the minimum amount of time required to complete the evaluation, obtain necessary approvals and clearances and award the contract. The bid validity period may be extended a second time only if the bidding documents or the request for extension shall provide for appropriate adjustment of the bid price to reflect changes in the cost of inputs for the contract over the period of extension. Such an increase in the bid price shall not be taken into account in the bid evaluation. With respect to each contract made subject to the Association's prior review in accordance with the provisions of Part E.2 (a) of this Section, the Association's prior approval will be required for: (i) a first extension of the bid validity period if the period of extension exceeds sixty (60) days; and (ii) any subsequent extension of the bid validity period.

(b) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(c) In the procurement of goods and works in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

2. To the extent practicable, contracts for works and goods shall be grouped into bid packages estimated to cost the equivalent of: (i) \$250,000 or more for works; and (ii) \$150,000 or more for goods.

3. All goods shall be exempt from pre-shipment price inspection by a third party inspection firm.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in the Islamic Republic of Mauritania 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: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Subject to paragraph 2 hereof, civil works other than under Part A.1 of the Project estimated to cost the equivalent of \$250,000 or less per contract, up to an aggregate amount equivalent to \$6,100,000, and items or groups of items of goods

estimated to cost the equivalent of \$150,000 or less per contract, up to an aggregate amount equivalent to \$1,700,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. (a) Civil works under Part A.1 of the Project estimated to cost the equivalent of \$10,000 or less per contract, up to an aggregate amount equivalent to \$7,700,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least two suppliers eligible under the Guidelines in accordance with procedures acceptable to the Association.

(b) Goods estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$700,000, 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.

Part E: 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: (i) works estimated to cost the equivalent of \$250,000 or more; and (ii) goods estimated to cost the equivalent of \$150,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d), shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract, together with the other information required to be furnished to the Association pursuant to said paragraph 3, shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. 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. For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to contracts for the employment of consulting firms and individual consultants, estimated to cost each less than \$100,000 equivalent and \$50,000 equivalent, respectively. However, said exceptions to prior Association review shall not apply to: (a) the terms of reference for such contracts or the

employment of individuals; (b) single source selection of firms; (c) assignments of a critical nature as reasonably determined by the Association; or (d) amendments to contracts raising the contract value to above the aforementioned prior review thresholds.

SCHEDULE 4

Implementation Program

1. The Borrower shall:

(a) maintain DPEF, which shall be responsible for Project Coordination and shall assist MEN in preparing reports and documentation required by the Association under this Agreement; appoint professionals whose qualifications and experience shall be acceptable to the Association as: (i) Director, (ii) Administrator, (iii) Project Manager; (iv) Architect/ Implementation Specialist, and (v) Accountant for DPEF and adequate support staff in sufficient numbers throughout Project implementation unless otherwise mutually agreed upon between the Borrower and the Association.

(b) appoint and maintain throughout Project implementation, unless otherwise mutually agreed upon between the Borrower and the Association, three suitably qualified and experienced CTRs responsible for community mobilization, training of local artisans and primary school construction supervision;

(c) throughout Project implementation, maintain a suitably qualified and experienced auditor to carry out the audits referred to in Section 4.01 (b) of this Agreement;

(d) prepare draft regulations, acceptable to the Association, to facilitate the establishment of private schools and their administration through, inter alia: (i) access to public land; (ii) exoneration from customs duties on necessary imported educational materials and supplies;

(e) establish and maintain during Project implementation an adequately staffed private school unit in MEN headed by a qualified officer in MEN, to promote private education;

(f) apply the policies, procedures and arrangements specified in the Project Implementation Plan, and shall not amend said Plan, or any part thereof, in a manner which, in the opinion of the Association, would materially and adversely affect the implementation of the Project; and maintain policies and procedures adequate to enable MEN to monitor and evaluate, on an ongoing basis, and in accordance with indicators acceptable to the Association, the carrying out of Parts A, C, E and F of the Project and the achievement of the objectives thereof;

(g) maintain the agreement No. 855 signed on October 31, 1994 between MEN and MH for the provision of services for the primary school water supply program acceptable to the Association, and ensure that such agreement shall not be assigned, amended, abrogated or waived without prior approval of the Association;

(h) adopt policies and administrative regulations to encourage female enrollment in, and completion of, the primary education cycle and access to post-primary education;

(i) establish and maintain the FAF, in accordance with a procedural manual acceptable to the Association, with the objective of promoting female primary education enrollment in the selected Regions and undertake not to assign, amend, abrogate or waive the stipulations in such procedural manual without the prior approval of the Association;

(j) for purposes of Part D 1 of the Project, implement the preparation of a long term development plan for higher education, acceptable to the Association;

(k) carry out the audit referred to in Part F 1 (c) of the Project within 12 months after the Effective Date, submit the findings thereof to the Association and, based on said findings, establish and implement an action plan satisfactory to the Association; and

(1) with respect to goods and works to be procured under international or local competitive bidding conditions, as the case may be: (i) within four (4) weeks from bid opening, transmit to the Association documentation as set forth in paragraph (2) (b) of Appendix 1 to the Guidelines referred to in Schedule 3 to this Agreement; and (ii) within four (4) weeks from the receipt of the Association's non-objection to the proposed contract, have said contract signed.

2. (a) The Borrower, AMEXTIPE and the Association shall jointly undertake, not later than November 30 of each year, an in-depth review of Project implementation (hereinafter referred to as Annual Review or, in the case of the review to be held not later than November 30, 1997, Midterm review), and in the course of which they shall exchange views on all matters related to the progress of the Project, the Program and the performance by the Borrower of its obligations under this Agreement, including, but not limited to: (i) status of monitoring indicators for Project performance; (ii) progress in implementation of policy measures and their impact on staffing, cost and efficiency of the educational system, including double-shift teaching in urban schools and multi-class teaching in rural schools, lowering repetition rate in primary schools, recruitment, classroom presence and training of teachers, and the effectiveness of the primary school textbook procurement and distribution system; (iii) efficiency of primary school construction and parents' ability to contribute to financing; (iv) results of the pilot program to improve female schooling and the performance of FAF; (v) progress in expansion of operating private schools and efficiency of the private school unit in MEN; ; (vi) AMEXTIPE's management, notably, its adherence to its Statuts, its By-laws, and its Manual of Procedures, and AMEXTIPE's fee structure; (vii) the performance by AMEXTIPE and the Borrower of their respective obligations under the Convention; the performance of AMEXTIPE shall be measured in terms of performance indicators set forth in the Manual of Procedures; (viii) progress in capacity building in curriculum development; (ix) efficiency of science teaching; (x) progress in the preparation of a long term development plan for higher education; (xi) the progress reports and expenditure statements of the current year referred to under subparagraph (d) of this paragraph; and (xii) the DPEF work program and budget for the following year.

(b) Not later than two months prior to the Midterm review, the Borrower shall, jointly with AMEXTIPE, furnish to the Association, for its review and comments, a report, in such detail as the Association shall reasonably request, on the progress and status of the Project and the Program, and giving details, in particular, of the matters to be addressed at the Midterm review and referred to in subparagraph (a) of this paragraph, including proposals, if any, to improve the effectiveness of Project implementation.

(c) Following said Midterm review, the Borrower shall undertake, and cause AMEXTIPE to undertake promptly and diligently any corrective action deemed necessary to remedy any shortcomings noted in the implementation of the Project, or to implement such other measures as may have been agreed upon between the Borrower, AMEXTIPE and the Association in furtherance of the objectives of the Project.

(d) Without limitation to Section 9.06 of the General Conditions and to the preceding subparagraphs (a), (b) and (c) of this paragraph, the Borrower shall, throughout the period of implementation of the Project, furnish to the Association, and cause AMEXTIPE to furnish to the Association, for its review and comments, not later than April 30 and October 30, semiannual reports on the progress and implementation of the Project, including: (i) status of Project implementation indicators; (ii) summary of implementation progress of each Project component enumerated in Schedule 2 to this Agreement; (iii) financial statements of Project expenditures; (iv) updated procurement and implementation schedules; and (v) status of contract advertising, bidding awards and completion dates.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "Eligible Categories" means Categories (1) (a) and (c); ((2) (a); (3) (4) (a); (5); (6); and (7) (a) with respect to Special Account A; and

Categories (1) (b), (2) (b), (4) (b), and (7) (b) with respect to Special Account B, set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$1,300,000 in respect to Special Account A, and an amount equivalent to \$700,000 in respect to Special Account B, to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$700,000 in respect to Special Account A, and an amount equivalent to \$400,000 in respect to Special Account B, until the aggregate amount of withdrawals (from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions) shall be equal to or exceed the equivalent of SDR 500,000 for expenditures under Part G of the Project, and SDR 1,000,000 for all other expenditures.

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

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

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

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

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

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

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

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

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

(a) of Section 2.02 of this Agreement; or

(b) 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 the records and accounts for the Special Accounts;

(c) 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 the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the Eligible Categories for the respective special Account, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation for each Special Account.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the Eligible 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 respective Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

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

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

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

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

