

CONFORMED COPY

LOAN NUMBER 3864 JO

Loan Agreement

(Second Human Resources Development Sector
Investment Project)

between

THE HASHEMITE KINGDOM OF JORDAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 2, 1995

LOAN NUMBER 3864 JO

LOAN AGREEMENT

AGREEMENT, dated June 2, 1995, between THE HASHEMITE KINGDOM OF JORDAN (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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 Bank to assist in the financing of the Project;

(B) the Borrower intends to contract from the Overseas Economic Cooperation Fund of Japan (OECF) a loan (hereinafter the OECF Loan) in an aggregate amount equivalent to about \$60,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the OECF Loan Agreement) to be entered into between the Borrower and OECF; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan 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 Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

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

(b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

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

(a) "MOE" means the Ministry of Education of the Borrower;

(b) "MOHE" means the Ministry of Higher Education of the Borrower;

(c) "NCERD" means the National Center for Educational Research and Development, established by the Higher Council for Science and Technology pursuant to Article 7 of Law No. 30 of 1987;

(d) "VTC" means the Vocational Training Corporation, established and operating pursuant to Law No. 11 dated January 12, 1985;

(e) "Policy Council" means the Council established and operating pursuant to Letter No. 75/1011/3131, dated March 9, 1988, from the Office of the Prime Minister, and to be maintained pursuant to Paragraph 1 (a) of Schedule 5 to this Agreement;

(f) "Technical Unit" means the unit of the Policy Council established within NCERD, and referred to in Paragraph 2 (a) of Schedule 5 to this Agreement;

(g) "GSSCE" means the General Secondary School Certificate Examination;

(h) "Sub-project" means a specific investment project under the Project as set forth in Schedule 2 to this Agreement which has been approved by the Bank or the Policy Council pursuant to Section 3.02 of this Agreement to be carried out by MOE, MOHE, VTC or NCERD;

(i) "Education Reform Program" means the Borrower's ten-year program to improve the quality of basic and secondary education through restructuring the school system, improving the quality of instruction, and strengthening the institutional capacity to sustain reform in the education sector; and

(j) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of sixty million dollars (\$60,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank 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 Loan.

(b) The Borrower may, for the purposes of the Project, open and maintain in Dollars a special deposit account in its Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2000 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($\frac{1}{2}$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c)

(iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on June 15 and December 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares their commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end:

- (i) shall carry out Parts A (1), A (2), A (3), a portion of A (4), B (1), B (2), B (3), and Part C of the Project through MOE and a portion of Part A (4) of the Project through MOHE with due diligence and efficiency and in conformity with appropriate educational, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for such Parts of the Project; and
- (ii) shall cause VTC to carry out a portion of Part A (4) of the Project and shall cause NCERD to carry out Parts B (4) and B (5) of the Project with due diligence and efficiency and in conformity with appropriate educational, administrative and financial practices, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable NCERD and VTC to carry out the Project, and shall not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project by NCERD and VTC.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. (a) The Borrower shall: (i) cause the Technical Unit to appraise the Sub-projects in accordance with

guidelines, criteria and procedures acceptable to the Bank; and (ii) cause the Policy Council to review each of the Sub-projects, following for such purposes guidelines, procedures and criteria acceptable to the Bank.

(b) The Borrower shall present to the Bank for approval not later than one month prior to the scheduled start of implementation: (i) the first Sub-project under Part A (4) of the Project to be implemented by each of MOE, MOHE and VTC, and three additional Sub-projects; and (ii) proposed Sub-projects which the Bank has selected for review.

(c) The Borrower shall: (i) when presenting a Sub-project to the Bank for approval pursuant to the provisions of paragraph (b) above, furnish to the Bank an appraisal report concerning the Sub-project, substantially in the form as the Bank shall request, including the cost and the benefits to be derived from the Sub-project and other items of information for such purposes as the Bank shall reasonably request; and (ii) in respect of Sub-projects not requiring prior Bank approval pursuant to the provisions of paragraph (b) above, retain all data presented for purposes of obtaining the Policy Council's approval pursuant to subparagraph (a) (ii) above, and shall enable the Bank's representatives to examine such data and provide the Bank with all such information in respect of such Sub-projects as the Bank shall reasonably request.

(d) The Borrower shall not permit a change to be made in the scope of a Sub-project which has been approved by the Policy Council or the Bank pursuant to the provisions of paragraphs (a), (b) and (c) above without the concurrence of the Policy Council or the Bank, as the case may be.

Section 3.03. Except as the Bank 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 Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.04. Without limitation upon the provisions of Article IX of the General Conditions, the Borrower shall:

(a) prepare and furnish to the Bank 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 Bank, a plan, of such scope and in such detail as the Bank shall reasonably request, for the future operation of the institutions and activities supported by the Project;

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan; and

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Bank's comments thereon.

Section 3.05. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of a portion of Part A (4) of the Project shall be carried out by VTC and in respect of Parts B (4) and B (5) of the Project shall be carried out by NCERD.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations,

resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

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

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

Section 4.02. (a) The Borrower shall cause NCERD and VTC to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations of NCERD and VTC in respect of the Project or any part thereof.

(b) The Borrower shall cause NCERD and VTC to:

- (i) have their respective records and accounts for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit

by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

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

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

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

ARTICLE V

Remedies of the Bank

Section 5.01. (a) Pursuant to Section 6.02 (1) of the General Conditions, the following additional event is specified, namely that: (a) the OECF Loan Agreement shall have failed to become effective by March 1, 1996 or such later date as the Bank may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that adequate funds for the Project are available to the Borrower from its own or other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

- (b) (i) Subject to subparagraph (ii) of this paragraph:
 - (A) the right of the Borrower to withdraw the proceeds of the OECF Loan shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the OECF Loan Agreement, or
 - (B) the OECF 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 Bank 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 its own or 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

Termination

Section 6.01. 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 Planning 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 Planning
P.O. Box 555
Amman
Hashemite Kingdom of Jordan

Cable address:

MINISTRY OF PLANNING
Amman

Telex:

21319 JO

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

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

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.

THE HASHEMITE KINGDOM OF JORDAN

By /s/ Fayez Tarawneh

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Inder K. Sud
Acting Regional Vice President
Middle East and North Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Civil Works under Parts A (4), B (1), B (2), B (3), C (1) and C (2) of the Project	36,000,000	50%
(2) Equipment and Furniture under Parts A (4), B, C (1) and C (2) of the Project	15,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of local ex- penditures for other items pro- cured locally
(3) Textbook Publishing	1,400,000	50%
(4) Technical Assistance and Fellowships	3,200,000	100% of foreign expenditures and 95% of local ex- penditures
(5) Unallocated	4,400,000	
TOTAL	60,000,000 =====	

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; and

(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.

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

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for each contract for works estimated to cost less than the equivalent of \$2,000,000; for each contract for goods estimated to cost less than the equivalent of \$350,000; for each contract for the employment of consulting firms estimated to cost less than the equivalent of \$100,000; and for each contract for the employment of individual consultants estimated to cost less than \$50,000 equivalent each under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in improving the quality of basic and secondary education, improving technical and vocational education and training, and strengthening the institutions and operations of the education sector through implementation of the second phase in 1995-2000 of its Education Reform Program.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Training and Quality Improvement

(1) Staff Development. Carrying out a program to provide in-service teacher training to: (a) increase awareness of the goals of the Education Reform Program; (b) enhance teaching competencies and skills related to the new curricula; (c) sensitize teachers to diagnostic approaches and remedial interventions; and (d) improve the capacity of trainers, administrators, and principals for administrative and educational leadership.

(2) Examinations and Assessment. Carrying out a program to introduce revised assessment techniques and procedures in the GSSCE to align it with the new curricula and develop diagnostic testing for remedial interventions.

(3) Pilot School-Based Innovations. Carrying out a pilot program to introduce innovations in basic schools.

(4) Technical and Vocational Education and Training. Carrying out a program to improve the Borrower's technical and vocational education and training.

Part B: Institutional Development

(1) Learning Resource Centers. Upgrading facilities, equipment and staff of existing Learning Resource Centers and construction of at least two additional Learning Resource Centers.

(2) Textbook Publishing and Distribution. Provision of textbook storage facilities, technical assistance, equipment, and staff training to upgrade the publishing and distribution systems of textbooks and teachers' guides.

(3) GSSCE. Provision of equipment, technical assistance, staff training and office space for the General Directorate for Evaluation and Examinations of the MOE.

(4) Educational Management Information System. Provision of equipment, technical assistance and staff training for improvement of the Educational Management Information System and for expansion to regional offices.

(5) NCERD. Provision of equipment, materials and office

space to enhance NCERD's institutional capabilities.

Part C: Educational Facilities

(1) Expansion of School Facilities. Carrying out a program to expand, construct and equip basic education and secondary level schools throughout the territory of the Borrower.

(2) Rehabilitation and Maintenance of School Facilities. Carrying out a program to rehabilitate and maintain basic education and secondary level schools throughout the territory of the Borrower.

(3) Management. Carrying out a program to enhance management capabilities of the General Directorate for Projects and School Buildings of the MOE.

* * *

The Project is expected to be completed by December 31, 1999.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
December 15, 2000	1,155,000
June 15, 2001	1,195,000
December 15, 2001	1,235,000
June 15, 2002	1,280,000
December 15, 2002	1,325,000
June 15, 2003	1,375,000
December 15, 2003	1,420,000
June 15, 2004	1,470,000
December 15, 2004	1,525,000
June 15, 2005	1,580,000
December 15, 2005	1,635,000
June 15, 2006	1,690,000
December 15, 2006	1,750,000
June 15, 2007	1,815,000
December 15, 2007	1,880,000
June 15, 2008	1,945,000
December 15, 2008	2,015,000
June 15, 2009	2,085,000
December 15, 2009	2,160,000
June 15, 2010	2,235,000
December 15, 2010	2,315,000
June 15, 2011	2,400,000
December 15, 2011	2,485,000
June 15, 2012	2,570,000
December 15, 2012	2,660,000
June 15, 2013	2,755,000
December 15, 2013	2,855,000
June 15, 2014	2,955,000
December 15, 2014	3,060,000
June 15, 2015	3,175,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
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The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:

Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods 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 Bank's prior review in accordance with the provisions of Part D.1(a) of this Section, the Bank'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) 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 Bank 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 Bank.

2. To the extent practicable, contracts for works shall be grouped into bid packages estimated to cost the equivalent of

\$4,000,000 or more and contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$350,000 or more.

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 Jordan may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Contracts for civil works estimated to cost less than the equivalent of \$4,000,000 per contract, up to an aggregate amount equivalent to \$63,000,000, may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Contracts for goods estimated to cost less than the equivalent of \$350,000 per contract, up to an aggregate amount equivalent to \$13,000,000, may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

3. Contracts for goods estimated to cost less than the equivalent of \$200,000 up to an aggregate amount equivalent to \$200,000, may be awarded on the basis of comparison of price quotations obtained from at least three suppliers from at least three different countries eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

4. Contracts for goods estimated to cost less than the equivalent of \$50,000 up to an aggregate amount equivalent to \$300,000, may be 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 Bank.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to the first contract for both works and goods; each contract for works estimated to cost the equivalent of \$2,000,000 or more; and each contract for goods estimated to cost the equivalent of \$350,000 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 Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank 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, said 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 Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals are to

be made on the basis of statements of expenditure.

2. The figure of 15% 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 Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank 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 (the Consultant Guidelines). 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 Bank. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Bank.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each or (b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, this exception to prior Bank review shall not apply to (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Bank, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

SCHEDULE 5

Implementation Program

1. (a) For the purpose of ensuring the proper coordination and execution of the Project, the Borrower shall continue to maintain the Policy Council, with representation from the Ministry of Planning, the MOE, the MOHE, the NCERD, and the VTC.

(b) The functions of said Policy Council shall include, inter alia, responsibility for investigation and recommendation of solutions to issues arising in the course of carrying out the Project.

2. (a) For the purpose of ensuring the proper supervision of the execution of the Project, the Borrower shall continue to maintain the Technical Unit within NCERD with organization, staffing and terms of reference satisfactory to the Bank.

(b) The Technical Unit shall be vested with the responsibility for:

- (i) appraisal of Sub-projects;
- (ii) coordination of the implementation and evaluation of activities included in the Project; and
- (iii) preparation of the reports referred to in Section 9.07 of the General Conditions, and of the reports referred to in paragraphs 7 and 8

of this Schedule.

3. In order to expedite procurement under the Project, the Borrower shall establish special tender committees for civil works and goods.

4. The Borrower shall provide to the Bank for its review and comments, by January 1, 1996, the prototype school design that is being developed by MOE, together with supporting documentation. The Borrower shall, by February 1, 1996, exchange views with the Bank on such prototype, and thereafter shall carry out on the basis of such exchange of views, a program to achieve cost savings in the construction of schools under Part C (1) of the Project.

5. (a) Before November 1 in each of its fiscal years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether the budgets in respect of the current fiscal year and the next following fiscal year include allocations sufficient to meet the requirements of the Project for the respective fiscal years, and shall furnish to the Bank a copy of such review upon its completion.

(b) If any such review shows that the Borrower would not meet the requirements set forth in sub-paragraph (a) above for the Borrower's fiscal years covered by such review, the Borrower shall extend the implementation period of the Sub-projects for civil works under Parts A (4), B (1), B (2), B (3), C (1) and C (2) of the Project.

6. The Borrower shall take all measures necessary to ensure that all fellowships included in the Project are awarded on the basis of eligibility criteria and procedures satisfactory to the Bank.

7. Without limitation upon the provisions of Section 9.07 of the General Conditions, the Borrower shall cause the Technical Unit to prepare and furnish to the Bank not later than March 31 of each year a progress report, in form and substance agreed to between the Bank and the Borrower, on the conclusions and recommendations indicated by the monitoring and evaluation activities performed pursuant to paragraph 2 (b) of this Schedule, including subsequent years' programs and any proposed revisions to be introduced into the Project. Promptly thereafter, the Borrower and the Bank shall exchange views thereon.

8. Without limitation upon provisions of Section 9.07 of the General Conditions:

(a) by October 15, 1997, the Borrower shall prepare, through the Technical Unit, and furnish to the Bank for its review and comments, a report on the progress achieved in carrying out the Project, in such detail as the Bank shall reasonably request; and

(b) (i) the Borrower and the Bank shall, not later than January 31, 1998, hold a mid-term exchange of views on the progress achieved in the carrying out of the Project and the actions described in the Action Plan; and

(ii) the Borrower shall thereafter take all measures necessary to ensure the efficient completion of the Project and the achievement of the objectives thereof, taking into consideration the results and conclusions of the report referred to in paragraph (a) hereof and the Bank's views on the matter.

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3) and (4) 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 Loan 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 \$5,000,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$1,500,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$5,000,000.

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

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

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

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank 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 Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

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

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank 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 Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan 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 Bank, 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 Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account; or

(c) if, at any time, the Bank 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 Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank 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.

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

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

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

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

