

CONFORMED COPY

CREDIT NUMBER 2991 TA

Development Credit Agreement
(Human Resources Development Pilot Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 29, 1997

CREDIT NUMBER 2991 TA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated October 29, 1997, between UNITED REPUBLIC OF TANZANIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the 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) 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 Bank 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."

(c) Section 6.03 is modified to read:

"Section 6.03. Cancellation by the Association. If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) at any time, the Association determines, after consultation with the Borrower, that an amount of the Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Credit, or (c) at any time, the Association determines, with respect to any contract to be financed out of the proceeds of the Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Association to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (d) at any time, the Association determines that the procurement of any contract to be financed out of the proceeds of the Credit is inconsistent with the procedures set forth or referred to in the Development Credit Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (e) after the Closing Date, an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Credit shall be canceled."

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) "Beneficiary Primary School" means a primary school which meets the criteria specified in the Operational Guidelines (as hereinafter defined) and has received or applied for a Matching Grant under Part A of the Project;

(b) "Beneficiary Secondary School Pupil" means a pupil who meets the criteria specified in the Operational Guidelines (as hereinafter defined) and who has received or applied for a Bursary under Part B of the Project;

(c) "Bursary" means a bursary made or proposed to be made by the Borrower out of the proceeds of the Credit to a Beneficiary Secondary School Pupil (as herein defined) and paid or to be paid to a Participating Secondary School on account of a Beneficiary Secondary School Pupil following the procedures set out in the Operational Guidelines (as hereinafter defined);

(d) "District" means any of the subdivisions defined as such in the Borrower's Local Government Act, Number 7 of 1982, as amended;

(e) "Education Sector Coordinating Committee" means the Interministerial Committee established and maintained by the Borrower to coordinate its Education Sector Development Program and which will, inter alia, perform the Project oversight functions pursuant to paragraph 4 of Part A of Schedule 4 to this Agreement for the purposes of coordinating and supervising the implementation of the Project;

(f) "Fiscal Year" means the fiscal year of the Borrower which commences on

July 1 of each year and ends on June 30 of the subsequent year;

(g) "Matching Grant" means a grant made or proposed to be made by the Borrower out of the proceeds of the Credit to a Beneficiary Primary School to match the funds provided by the parents of pupils of such School, community members and Local Authorities, for activities that meet the criteria set out in the Operational Guidelines (as hereinafter defined);

(h) "Memorandum of Understanding" means any of the agreements to be entered into between the Borrower and a Beneficiary Primary School providing for the terms and conditions under which a Matching Grant shall be made; or any of the agreements entered into between the Borrower and a Beneficiary Secondary School Pupil and her parents or guardians, providing for the terms and conditions under which a Bursary shall be made;

(i) "MOEC" means the Borrower's Ministry of Education and Culture;

(j) "NECTA" means the National Examinations Council of Tanzania, established pursuant to the National Examinations Council of Tanzania Act, Number 21 of 1973, as amended;

(k) "Operational Guidelines" means the document to be prepared by the Borrower and furnished to the Association pursuant to paragraph 3 (b) of Schedule 1 to this Agreement setting out the procedures and guidelines for carrying out Parts A and B of the Project, including the criteria for selecting, and the terms and conditions for making, Matching Grants or Bursaries to, Beneficiary Primary Schools and Beneficiary Secondary School Pupils out of the proceeds of the Credit, as such document may be amended or modified in consultation with, and with the approval of, the Association, and such term includes any schedules to the Operational Guidelines;

(l) "Participating Secondary School" means a secondary school with at least one pupil who is a Beneficiary Secondary School Pupil or which is considering the application for admission of a Beneficiary Secondary School Pupil;

(m) "Pilot Support Group" means the group to be established and maintained by the Borrower pursuant to paragraph 3 of Part A of Schedule 4 to this Agreement to manage the implementation of the Project;

(n) "Project Implementation Plan" means the plan to be prepared by the Borrower pursuant to paragraph 1(a) of Part A of Schedule 4 to this Agreement for the implementation of the Project as such plan may be amended or modified from time to time by agreement between the Borrower and the Association;

(o) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to a letter from the Association dated April 21, 1997 and confirmed by the Borrower on June 5, 1997;

(p) "Shilling" and "Tsh" mean the currency of the Borrower;

(q) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement; and

(r) "Special Advisory Group on Girls' Education" means the group to be set up and maintained by the Borrower pursuant to paragraphs 6 and 7 of Part A of Schedule 4 to this Agreement to provide advice and support on the implementation of Part B of the Project to the Pilot Oversight Committee and the Pilot Support Group.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to fifteen million Special Drawing Rights (SDR 15,000,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit

Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) 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; and (ii) amounts disbursed (or if the Association shall so agree, amounts to be disbursed) to a Beneficiary Primary School or to a Participating Secondary School under a Matching Grant or Bursary to be financed out of the proceeds of the Credit;

(b) the Borrower may, for the purposes of the Project, open and maintain in Dollars two special deposit accounts in commercial banks on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement; and

(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 December 31, 2005, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

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

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

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

Section 2.06. Commitment charges and service charges shall be payable semi-annually on January 15 and July 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each January 15 and July 15 commencing January 15, 2008, and ending July 15, 2037. Each installment to and including the installment payable on July 15, 2017, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

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

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and to this end, shall carry out the Project through MOEC with due diligence and efficiency and in conformity with appropriate administrative and financial 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 the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association 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 for the future operation of the Project; 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 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 Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, 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 and 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 report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the 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

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions: the Borrower has prepared and furnished to the Association the Project Implementation Plan in accordance with the provisions of paragraph 1 (a) of Part A of Schedule 4 to this Agreement; the Borrower has prepared and furnished to the Association the Operational Guidelines in accordance with the provisions of paragraph 2 of Part A of Schedule 4 to this Agreement; and the Borrower has established the Pilot Support Group and Special Advisory Group on Girls' Education, each in accordance with the provisions of paragraphs 3 and 6 respectively, of Part A of Schedule 4 to this Agreement.

Section 5.02. 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 VI

Representatives of the Borrower; Addresses

Section 6.01. The Minister of the Borrower at the time responsible for Finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

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

(c) the term "incremental operating costs" means the incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, vehicle operation, travel, workshops and supervision costs but excluding salaries of officials of the Borrower's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made: in respect of payments made for expenditures prior to the date of this Agreement; in respect of payments made for expenditures under Categories (5) and (6) until the Borrower has furnished to the Association the Operational Guidelines for carrying out Parts A and B of the Project in form and substance satisfactory to the Association; and in respect of payments made for expenditures under Category (5) for a Matching Grant or Category (6) for a Bursary unless the Matching Grant or Bursary has been made in accordance with the procedures and on the terms and conditions set forth in Part C of Schedule 4 to this Agreement and in the Operational Guidelines.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods, works and 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 strengthen the Borrower's education sector through: (i) raising enrollments in primary education and improving the quality of such education by increasing parental participation and financing; (ii) improving school-based planning and management of resources, and encouraging quality enhancement initiatives; (iii) expanding opportunities for secondary education, particularly for girls from economically disadvantaged households, and improving the quality of such education; (iv) training parents, teachers and administrators at the primary and secondary school levels in school-based management, community participation and administration of bursaries; and (v) enhancing the Borrower's capacity for policy development, planning, and research in the education sector by improving its testing and statistics systems and its procedures for carrying out operations research, policy studies, and strategic sector development plans.

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

Part A: Primary Education

Provision of Matching Grants to about five hundred (500) primary schools as part of a pilot community education initiative in order to finance community-based school activities including, but not limited to:

(a) construction and rehabilitation of school buildings;

(b) acquisition of school text books and other teaching materials; and

(c) acquisition of furniture and equipment. Provision of technical advisory services to Beneficiary Primary Schools to assist them in improving school-based planning and management, community participation, school quality, school enrollment rates and health of pupils. Monitoring of Beneficiary Primary Schools through carrying out studies and surveys to ensure that their continuing eligibility for Matching Grants under Part A.1 of the Project is based on adequate performance in increasing capacity and improving quality. Encouraging innovation in all primary schools within the territory of the Borrower by disseminating lessons learnt from the Beneficiary Primary Schools to other primary schools through, among other things, setting up twinning arrangements among schools, and developing and disseminating good practices for primary education.

Part B: Secondary Education

Improving access to secondary education for girls from economically disadvantaged households and improving the learning environment for all girls in Participating Secondary Schools through the provision of bursaries for about three thousand (3,000) girls. Monitoring Participating Secondary Schools through carrying out studies and surveys in order to ensure that they provide, and continue to provide, quality education services. Preparing and disseminating materials containing information about secondary level education opportunities to primary schools pupils and staff, to parents of primary school pupils and to other interested community members. Provision of technical advisory services and science equipment to Participating Secondary Schools, to assist them in developing and implementing gender improvement programs, and in strengthening science programs. Preparing and disseminating, throughout the territories of the Borrower, materials containing information regarding Part B of the Project and the general importance of, and opportunities for, secondary education in order to encourage expansion of secondary school enrollments, particularly for girls.

Part C: Capacity Building

For the purposes of implementing Part A of the Project, provision of training to District officials, primary school staff, parents of primary school pupils and other interested community members in the following areas:

- (a) preparation and implementation of school activity and management plans;
- (b) transparent and competitive procurement practices;
- (c) mobilization of, and participatory decision making by, parents of pupils in the management and administration of schools; and
- (d) basic financial management and accounting.

For the purposes of implementing Part B of the Project, provision of training to:

- (a) primary school staff, parents of primary school pupils and other interested community members in the operation of Part B of the Project and on their respective responsibilities in implementing such Part of the Project;
- (b) staff of Participating Secondary Schools in the implementation of Part B of the Project and their responsibilities to the Beneficiary Secondary School Pupils; and
- (c) education officials in all aspects of Part B of the Project and their responsibilities for the implementation of such Part of the Project. Strengthening the capacity of MOEC to originate and manage pilot and demonstration activities as an input to education policy, through the provision of technical advisory services.

4. Provision of professional training to selected MOEC staff and education professionals in areas of high priority in education policy, management and financing, through the provision of fellowships.

Part D: Policy Development, Planning and Research

Strengthening and improving the capacity of NECTA to administer examinations and to provide meaningful feedback to pupils and their parents and teachers, through acquisition and installation of computer hardware and software and provision of technical advisory services and training in the use of such computer technology.

Strengthening and improving the capacity of the Statistics Section of MOEC to collect and analyze education data and to use such data to provide meaningful feedback to pupils and their parents and teachers, through acquisition and installation of computer hardware and software and provision of technical advisory services and training in the use of such computer technology.

Strengthening the Borrower's capacity to carry out, monitor and evaluate pilot activities as an input to education policy, with emphasis on monitoring and evaluating Parts A and B of the Project, through the provision of technical advisory services and

training. Strengthening the Borrower's capacity to develop and implement household, community, school and other beneficiary assessment surveys as an input to education monitoring and evaluation and in order to make such data widely available to all education researchers.

Strengthening the Borrower's capacity to target and measure educational subsidies and to track the impact of its subsidy policies on the economically disadvantaged, through developing, carrying out and analyzing welfare monitoring surveys. Strengthening the Borrower's capacity for strategic policy development in primary and secondary education, through the provision of technical advisory services and training.

* * *

The Project is expected to be completed by June 30, 2005.

SCHEDULE 3

Procurement

Section I. Procurement of Goods and Works

Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 (the Guidelines) and the following provisions of this Section.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Preference for domestically manufactured goods

The provisions of paragraph 2.54 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

(b) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost ten million dollars (\$10,000,000) equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than one hundred thousand dollars (\$100,000) equivalent per contract, up to an aggregate amount not to exceed five hundred thousand dollars (\$500,000) equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International Shopping

Computers, office equipment and vehicles, estimated to cost less than fifty thousand dollars (\$50,000) equivalent per contract, up to an aggregate amount not to exceed three hundred thousand dollars (\$300,000) equivalent, may be procured under contracts awarded on the basis of shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. National Shopping

Computers, office equipment and vehicles, estimated to cost less than twenty thousand dollars (\$20,000) equivalent per contract, up to an aggregate amount not to exceed two hundred thousand dollars (\$200,000) equivalent, may be procured under contracts awarded on the basis of shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

4. Procurement from IAPSO

Computers, office equipment and vehicles, estimated to cost less than fifty thousand dollars (\$50,000) equivalent per contract, up to an aggregate amount not to exceed three hundred thousand dollars (\$300,000) equivalent, may be procured from the United Nations Inter-Agency Procurement Services Office in accordance with the provisions of paragraph 3.9 of the Guidelines.

5. Community Participation Goods and works required for Part A of the Project shall be procured in accordance with procedures acceptable to the Association, as further detailed in the Operational Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract procured under Part B or Part C.1 of this Section under international or national competitive bidding procedures and estimated to cost the equivalent of one hundred thousand dollars (\$100,000) or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract procured under Parts C.2 and C.3 of this Section under international or national shopping procedures and estimated to cost the equivalent of twenty-five thousand dollars (\$25,000) and fifteen thousand dollars (\$15,000) respectively or more, the following procedures shall apply:

(i) prior to the selection of any supplier under shopping procedures, the Borrower shall provide to the Association a report on the comparison and evaluation of quotations received;

(ii) prior to the execution of any contract procured under shopping procedures, the Borrower shall provide to the Association a copy of the specifications and the draft contract: and

(iii) in addition, the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Procurement Guidelines shall apply.

3. Post Review With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the Guidelines: "Selection and Employment of

Consultants by World Bank Borrowers" published by the Bank in January 1997 (the Consultants' Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultants' Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for training, monitoring, evaluation, policy studies, financial management and surveys under Parts C and D of the Project, estimated to cost less than one hundred thousand dollars (\$100,000) equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultants' Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Under a Fixed Budget

Services for assistance to Districts, schools and communities under Part C of the Project, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultants' Guidelines.

2. Least-cost Selection

Services for standard well defined auditing and accounting tasks estimated to cost less than fifty thousand dollars (\$50,000) equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultants' Guidelines.

3. Individual Consultants

Services for training, monitoring, evaluation, policy studies, financial management and surveys that meet the requirements set forth in paragraph 5.01 of the Consultants' Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultants' Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultants' Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of one hundred thousand dollars (\$100,000) or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultants' Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of fifty thousand dollars (\$50,000) or more, but less than the equivalent of one hundred thousand dollars (\$100,000), the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultants' Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of twenty thousand dollars (\$20,000) or

more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 1 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultants' Guidelines shall apply.

SCHEDULE 4

Implementation Program

Part A: Implementation Arrangements

In carrying out the Project, the Borrower shall:

(a) prepare a project implementation plan, acceptable to the Association, containing, inter alia, work plans, monitoring and performance indicators and procedures to be used for the purpose of implementing the Project; and

(b) carry out the Project in accordance with procedures set forth in the Project Implementation Plan and, except as the Association shall otherwise agree, not amend or waive any provision thereof, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

Without limitation upon the provisions of the preceding paragraph and except as the Association shall otherwise agree, the Borrower shall, for the purposes of Parts A and B of the Project, (i) apply the criteria, policies, procedures and guidelines set out in the Operational Guidelines in making and administering Matching Grants and Bursaries; and (ii) not amend, or abrogate the Operational Guidelines, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of Parts A and B of the Project.

Project Management and Coordination

The Borrower shall establish, and thereafter maintain for the duration of the Project, within MOEC, a Pilot Support Group which shall be responsible for implementing the Project.

The Pilot Support Group shall comprise of a Pilot Director, a coordinator for each Project component, an accountant, a procurement specialist, an internal auditor, and relevant support staff, all having qualifications and terms of reference acceptable to the Association.

To coordinate and oversee Project activities, the Borrower shall maintain, until completion of the Project, its Education Sector Coordinating Committee or its equivalent, comprised of a total of at least six members, including one representative each from MOEC and the following agencies of the Borrower: the Prime Minister's Office; the President's Office - Planning Commission; the Ministry of Finance; the Ministry of Community Development, Women Affairs, and Children; and the Ministry of Science, Technology and Higher Education.

At least one of the meetings of the Education Sector Coordinating Committee, to be convened each year prior to May 15, shall be devoted to reviewing progress in implementing the Project, resolving outstanding issues, and reviewing implementation plans for the following Fiscal Year. For this meeting, additional ad hoc members shall be co-opted as follows: at least two District education officers from participating Districts; at least two heads of participating secondary schools; at least two head teachers from participating primary schools; at least two representatives from university faculties; at least two representatives from non-government organizations active in the social sectors; and at least two representatives from the business community. The list of regular and co-opted members and the agenda for the meeting shall be made available for review by the Association no later than April 15 each year or at least one month before the meeting date,

whichever is earlier. The minutes and recommendations of the meeting shall be made available to the Association no later than May 31 in each year or no more than two weeks after the meeting, whichever is earlier.

The Borrower shall establish and thereafter maintain for the duration of the Project, a Special Advisory Group on Girls' Education to provide advice on secondary education for girls and to represent the interests of such girls to the Education Sector Coordinating Committee and Pilot Support Group.

The Special Advisory Group on Girls' Education shall be comprised of six people, no fewer than half of whom shall be women. The Special Advisory Group on Girls' Education shall meet annually to review the implementation of Part B of the Project and to suggest ways to strengthen such Part of the Project. The membership of the Special Girls' Education Advisory Group and agenda for the annual review meeting shall be made available for review by the Association no later than April 15 each year or at least one month before the meeting date, whichever is earlier. The minutes and recommendations of the meeting shall be made available to the Association no later than May 31 each year or no more than two weeks after the meeting, whichever is earlier.

Part B: Annual Work Program; Monitoring, Evaluation and Reporting

1. The Borrower shall:

(a) not later than February 15 in each year, submit to the Association for its review and comments, a draft annual work program and supporting budget for the Project for the next Fiscal Year, including a description of the items proposed to be procured during such year with the estimated cost of each item;

(b) not later than March 31 in each year: (i) review with the Association the documents referred to in the preceding paragraph; (ii) identify implementation issues and propose appropriate solutions; and (iii) update Project timetables and performance indicators; and

(c) not later than April 30 in each year, furnish to the Association the work program and budget referred to in paragraph (a) hereof, as such program and budget (including the description of items to be procured) shall have been revised to the satisfaction of the Association in the course of the review referred to in paragraph (b) hereof and, except as the Association shall otherwise agree, carry out the Project in the Fiscal Year in question on the basis of the said work program and budget, as so revised.

2. Without limitation upon the provisions of Section 9.06 of the General Conditions the Borrower shall: maintain policies and procedures (including beneficiary consultations, sector performance analyses and impact evaluations performed by independent evaluators acceptable to the Association) adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators agreed upon between the Borrower and the Association, the carrying out of the Project (including the impact of the Project) and the achievement of the objectives thereof; prepare, under terms of reference satisfactory to the Association, and furnish to the Association by January 15 and July 15 in every year of Project implementation commencing in 1999, a draft impact evaluation report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) hereof, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date;

prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about the date twenty (20) months after the Effective Date or such later date as shall be agreed by the Association, a mid-term review report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) hereof, on the progress achieved in carrying out of Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient further carrying out of the Project and the achievement of the objectives thereof during the period following such date; and not later than six (6) weeks after receipt by the Association of each of the reports referred to in paragraphs (b) and (d) hereof, review such report with the Association and thereafter, take all measures required to ensure the efficient completion of the Project and the

achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Association's views on the matter.

Part C: Terms and Conditions of Matching Grants and Bursaries under Parts A and B of the Project

1. Eligibility Criteria for Matching Grants

Without limitation upon the provisions of paragraph 2 of Part A above, no Beneficiary Primary School shall be eligible for a Matching Grant out of the proceeds of the Credit unless the Borrower has determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the Operational Guidelines, that the Beneficiary Primary School satisfies the eligibility criteria specified below and in more detail in the Operational Guidelines, which shall include, inter alia, the following:

(a) the Beneficiary Primary School shall be registered to operate as a primary school in the territory of the Borrower;

(b) the Beneficiary Primary School shall have a school committee elected in accordance with the prevailing regulations of the Borrower;

(c) the activities to be carried out by the Beneficiary Primary School shall be specified in a school plan and shall be economically, financially and technically viable, and environmentally sound, in accordance with the standards specified in the Operational Guidelines; and

(d) the parents, community members and Local Authorities of the Beneficiary Primary School Pupils shall provide a cash contribution, the amount to be based on criteria agreed upon between the Borrower and the Association.

2. Terms and Conditions of Matching Grants

Each Matching Grant shall be made pursuant to a Memorandum of Understanding, to be concluded between the Borrower and the Beneficiary Primary School, under terms and conditions satisfactory to the Association which, inter alia, shall include the following:

(a) that financing shall be on a grant basis and the total amount that any Beneficiary Primary School shall receive from the Borrower through the combination of a targeted subsidy and Matching Grant shall not be in excess of ten dollars (\$10) equivalent per pupil;

(b) the obligation to carry out the activities to be financed out of the proceeds of the Matching Grant in accordance with the Operational Guidelines, with due diligence and efficiency and in accordance with sound environmental, technical, financial and managerial standards;

(c) the obligation to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Matching Grant;

(d) the requirement that: (i) the goods, works and services to be financed from the proceeds of the Credit shall be procured in accordance with the procedures set forth in Schedule 3 to this Agreement; and (ii) such goods, works and services shall be used exclusively in the carrying out of the activities approved by the Borrower to be financed out of the proceeds of the Matching Grant;

(e) the right of the Borrower to inspect, by itself, or jointly with the Association, if the Association shall so request, the goods, works sites, plants and construction financed by the Matching Grant and any relevant records and documents;

(f) the right of the Borrower to obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operations and financial conditions of the Beneficiary Primary School; and

(g) the right of the Borrower to suspend or terminate the right of the

Beneficiary Primary School to use the proceeds of the Credit upon failure by the Beneficiary Primary School to perform any of its obligations under the Memorandum of Understanding.

3. Eligibility Criteria for Bursaries

Without limitation upon the provisions of paragraph 2 of Part A above, no Beneficiary Secondary School Pupil shall be eligible for a Bursary out of the proceeds of the Credit unless the Borrower has determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the Operational Guidelines, that the Beneficiary Secondary School Pupil satisfies the eligibility criteria specified below and in more detail in the Operational Guidelines, which shall include, inter alia, the following:

(a) the Beneficiary Secondary School Pupil shall have placed among the top half of the scores by girls in her primary school on the Primary School Leaving Examination or its equivalent and would be unable to attend secondary school unless assisted by the Bursary; and

(b) the Beneficiary Secondary School Pupil shall belong to a household in which no one else has ever attended at least one year of secondary school.

4. Terms and Conditions of Bursaries

Each Bursary shall be made pursuant to a Memorandum of Understanding, to be concluded between the Borrower the Beneficiary Secondary School Pupil and the parents or guardians of the Beneficiary Secondary School Pupil, under terms and conditions satisfactory to the Association, which inter alia, shall include the following:

(a) that financing shall be on a grant basis;

(b) that the Beneficiary Secondary School Pupil shall maintain the attendance records and the academic achievement levels set out in the Operational Guidelines;

(c) that the Beneficiary Secondary School Pupil will be eligible for the bursary for up to five (5) consecutive years to complete her secondary education;

(d) that within such five-year period, the Beneficiary Secondary School Pupil may interrupt her studies once only, for up to a 12 month continuous duration and maintain eligibility for the bursary for lower secondary education, provided she gains re-entry to a Participating Secondary School to continue her studies and receives permission to rejoin the program from the coordinator of the bursary program in the Pilot Support Group;

(e) that within such five-year period, the Beneficiary Secondary School Pupil may be allowed to repeat up to one year of lower secondary school education and maintain eligibility for the bursary provided she gains permission from both a Participating Secondary School and the coordinator of the bursary program in the Pilot Support Group to repeat such year;

(f) that the 20 percent of the Beneficiary Secondary School Pupils, with the highest scores on the Certificate of Secondary Education Examination each year, will be eligible for an additional two years of bursary support to complete Forms V and VI, with no provision for interrupting their studies or for repeating a year of school;

(g) that the right of the Borrower to obtain all information as the Borrower or the Association shall reasonably request regarding the school record of the Beneficiary Secondary School Pupil; and

(h) that the right of the Borrower to suspend or terminate the right of the Beneficiary Secondary School Pupil to benefit from the proceeds of the Credit upon failure by the Beneficiary Secondary School Pupil to perform any of her obligations under the Memorandum of Understanding.

Part D: Other Actions

1. The Borrower shall maintain per-pupil central government subsidies in the

recurrent budget in Districts participating in Part A of the Project, at the same level it provides in other Districts in its territory, to be verified by a review carried out by September 30 in each year, of per-pupil expenditures using approved District-level budgets for primary schools for that fiscal year and official enrollment figures for Standards I through VII.

2. The Borrower shall by: (a) December 31, 1998, carry out a review of the existing selection system for government secondary school places in accordance with terms of reference, acceptable to the Association; and (b) March 31, 1999, prepare an implementation plan in consultation with the Association based on the recommendations of such review.

3. The Borrower shall by: (a) June 30, 1998, carry out a review of existing policies governing the interruption of school attendance by girls in primary and secondary schools, in accordance with terms of reference, acceptable to the Association; and (b) September 30, 1998, prepare an implementation plan in consultation with the Association, based on the recommendations of such review.

4. The Borrower shall by: (a) March 31, 1998, develop a database of secondary schools in the territory of the Borrower and the production and distribution of an annual catalog of secondary schools derived from this database, in accordance with terms of reference acceptable to the Association; (b) September 30, 1998, distribute the first version of the annual catalog; and (c) September 30 of each succeeding year, distribute an updated version of the annual catalog.

5. The Borrower shall by: (a) June 30, 1998, carry out an evaluation of constraints to the expansion of secondary school places within the territory of the Borrower, including the role of price controls and taxes, in accordance with terms of reference acceptable to the Association; and (b) by September 30, 1998, furnish to the Association for review and comments the recommendation of such report, including an action plan for proposed policy changes, if any, based on such recommendations.

6. The Borrower shall by: (a) March 31, 1998, furnish to the Association an action plan, acceptable to the Association, to test on a pilot basis in a variety of schools within the territory of the Borrower the type of computer technology to be provided to NECTA and the Statistics Section of MOEC under Parts D.1 and D.2 of the Project; and (b) June 30, 1998, complete such pilot test.

7. The Borrower shall, by March 31, 1999, furnish to the Association an action plan, acceptable to the Association, for the expansion of the activities described under Part A of the Project beginning in January 2000.

8. The Borrower shall, by June 30, 1999, adopt an improved sliding scale, acceptable to the Association, to replace the one being currently used for calculating Matching Grants to be provided under Part A of the Project and thereafter implement such improved scale in calculating the amount of Matching Grants.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (4) for Special Account A and Categories (5) and (6) for 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 for Matching Grants and Bursaries 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 five hundred thousand dollars (\$500,000) for Special Account A and one million seven hundred thousand dollars (\$1,700,000) for Special Account B to be withdrawn from the Credit Account and deposited into the respective Special Account 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 seven hundred and fifty thousand dollars (\$750,000) for 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 SDR 5,000,000 respectively.

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 deposit into the respective Special Account of an amount or amounts 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 the respective 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;

(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, minus the total amount of all outstanding special commitments 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. 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 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.

