Financing Agreement

(Additional Financing For Education Sector Reform Project II)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 7, 2017
AGREEMENT dated , 2017, entered into between REPUBLIC OF CHAD (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I—GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II—FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to thirty-six million five hundred thousand Special Drawing Rights (SDR 36,500,000) (“Financing”), to assist in financing the project described in Schedule I to this Agreement (“Project”).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are May 1 and November 1 in each year.

2.05. The Payment Currency is Euro.

ARTICLE III—PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall, through MENPC, carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient
shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Minister in charge of economy and development planning.

5.02. The Recipient’s Address is:

Ministry of Economy and Development Planning
B.P. 286
N’Djamena
Republic of Chad

Cable: Telex: Facsimile:
5329 KD (235) 22 51 51 85
(235) 22 51 45 87

5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
AGREED at N'Djamena, Republic of Chad, as of the day and year first above written.

REPUBLIC OF CHAD

By 

Authorized Representative

Name: Nguebo T. Yambaye
Title: Minister of Economy and Development Planning

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 

Authorized Representative

Name: Adama Coulibaly
Title: Country Manager
SCHEDULE 1

Project Description

The objectives of the Project are to improve teaching and learning conditions in primary schools nationwide and upper secondary schools in selected areas.

The Project consists of the following parts of the Original Project, as modified below, as well as additional Parts A.5, C.3 and D.1 set forth below:

Part A. Improving teaching and learning conditions in primary schools

A.3. Strengthening the Recipient's supervision and training capacity and improving selected community teachers' capacity through the financing of: (a) community teachers' in-service training (including stipends and scholarships); (b) assessment of training outcomes and revisions of training programs; (c) supervision and pedagogical guidance to teachers; (d) studies for development of related teachers policy and regulatory frameworks; (e) support for the contractualization process for selected community teachers; and (f) provision of goods required for the purpose.

A.5. Carrying out school-based programs for de-worming primary school-age children.

Part C. Project Management, Monitoring and Evaluation, Citizen Engagement

1. Support to the Recipient in the areas of Project coordination, supervision, financial management, communication and outreach, procurement, including through the provision of technical assistance, Training, Operating Costs, goods and services for the required purpose.

2. Improving the Recipient's monitoring and evaluation systems in the education sector through: (a) studies as well as design and implementation of institutional processes for school data collection and administration; (b) provision of equipment for data collection; and (c) training of relevant staff in monitoring and evaluation processes.

3. Carrying out of a citizen engagement survey on education and Project impact, and assessment of such survey's outcome.
Part D.  Stabilizing Community Teachers in Schools and Classrooms

1. Financing of Subsidies to Eligible Community Teachers.

2. Developing and establishing a community teacher's subsidy payment mechanism through mobile phones including: (a) design of a community teachers' data base and related monitoring procedures; (b) payment of a share of subsidy transfer fees and short messaging service (sms) fees; and (c) provision of related training to said community teachers, school principals and APEs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Steering Committee

In order to ensure the proper oversight of the Project and coordination among the Recipient’s ministries and agencies involved in the Project, the Recipient shall maintain throughout the period of Project implementation, with terms of reference, mandate, composition and resources satisfactory to the Association, a steering committee chaired by the secretary general of MENPC and comprised of representatives of all key ministries, departments, directorates, teachers’ unions and parents’ associations involved in the Project.

2. Project Coordination Unit

(a) In order to ensure proper and efficient implementation of the Project, the Recipient shall maintain, at all times during Project implementation, the Project Coordination Unit (PCU) within MENPC, with a mandate, staffing and other resources satisfactory to the Association. To this end, the PCU shall be comprised of qualified and competent staff in adequate numbers whose qualifications, experience, and terms of reference shall be acceptable to the Association; the PCU shall be responsible for day to day Project coordination and implementation, including: (i) carrying out Project financial management and procurement activities; (ii) preparing Annual Work Plans; (iii) ensuring compliance with Safeguard Instruments (as defined in the Original Financing Agreement) for Project activities for the Original Project; and (iv) monitoring and evaluating Project activities and preparing Project progress reports and monitoring and evaluation reports.

(b) The Recipient shall hire, no later than three (3) months after the Effective Date, or such other date as the Association may agree in writing, additional fiduciary staff to the PCU, including two additional financial management specialists, an internal auditor, and additional monitoring and evaluation specialists, all with qualifications, experience, and terms of reference satisfactory to the Association.

B. Project Implementation Manual

1. The Recipient shall, no later than three (3) months after the Effective Date, or such other date as the Association may agree in writing, update the Project
Implementation Manual in a manner satisfactory to the Association, and maintain the Project Implementation Manual throughout Project implementation, containing detailed: (a) implementation; (b) administrative; (c) procurement; (d) financial management and accounting; (e) eligibility criteria for selecting Eligible Community Teachers and transaction, control and processing mechanisms for the payment of Subsidies; and (f) monitoring and evaluation procedures and arrangements for the Project.

2. The Recipient shall carry out the Project in accordance with the Project Implementation Manual, and shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned manual, or any provision thereof, without the prior written agreement of the Association.

3. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Implementation Manual and those of the Financing Agreement, the provisions of the Financing Agreement shall prevail.

C. Annual Work Plan

1. The Recipient shall prepare, in accordance with terms of reference acceptable to the Association, and furnish to the Association no later than August 1 of each calendar year throughout the implementation of the Project, a work plan of activities proposed for inclusion in the Project for the next calendar year, together with a budget for such activities and a timetable for their implementation.

2. The Recipient shall: (a) afford the Association a reasonable opportunity to exchange views with the Recipient on such proposed work plan; and, thereafter, (b) carry out such work plan during the period covered by said plan, according to such budget, both as shall have been approved by the Association ("Annual Work Plan").

3. Only such activities as shall have been included in the Annual Work Plan shall be eligible for inclusion in the Project and for financing out of the proceeds of the Financing.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Subsidies for Community Teachers

1. The Recipient shall, no later than three (3) months after the Effective Date, or such other date as the Association may agree in writing, provide:
(a) evidence, satisfactory to the Association, that a census of community teachers has been carried out, by an independent entity, all satisfactory to the Association; and

(b) a list of Eligible Community Teachers, satisfactory to the Association.

2. The Recipient shall ensure that: (a) Eligible Community Teachers are selected in accordance with the eligibility requirements satisfactory to the Association and set forth in the PIM; and (b) Subsidies are paid in accordance with the transaction, control and processing mechanisms satisfactory to the Association and set forth in the PIM.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. The Recipient shall, no later than six (6) months after the Effective Date, hire an independent external auditor, with terms of reference, experience and qualifications satisfactory to the Association.
Section III. **Procurement**

A. **General**

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections I and II of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Association.

C. **Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants’ Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the
Consultant Guidelines for the Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing" dated February 2017, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, and consultants' services, Operating Costs and Training for the Project</td>
<td>11,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Subsidies</td>
<td>24,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>36,500,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is October 31, 2020.
APPENDIX

Section I. Definitions


2. “Association des Parents d’Eleves” and “APE” means parents’ associations created pursuant to the ordinance 27/INT/SUR dated July 28, 1962, regarding associations’ organization in the Recipient’s territory, as the same may be amended from time to time.

3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. “CFA” means the CFA franc, the Recipient’s currency.


6. “Eligible Community Teachers” means community teachers determined as eligible to receive Subsidies under the Project in accordance with eligibility criteria and selection processes satisfactory to the Association, as set forth in the PIM.


8. “Operating Costs” means the incremental operating expenses, approved by the Association under each Annual Work Plan, on account of the Project, including office supplies, short message service fees, mobile transfer fees, travel and supervision costs, per diem, but excluding the salaries of officials and public servants of the Recipient’s civil service.


10. “Original Financing Agreement” means the financing agreement for the Education Sector Reform Project II between the Recipient and the Association, dated October 11, 2013 (Grant No. H862-TD).

11. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.

13. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 24, 2017, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

14. "Project Coordination Unit" or "PCU" means the project coordination unit referred to in Section I.A.2 of Schedule 2 to this Agreement.

15. "Project Implementation Manual" or "PIM" means the project implementation manual for the Project, referred to in Section I.B.1 of Schedule 2 to this Agreement.

16. "Steering Committee" means the steering committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

17. "Subsidies" means the Recipient's subsidies for community teachers set forth in the letter of the Secretary General of the Presidency No 05/PR/SGP/CEPEC/12, which will be financed under Part D.1 of the Project for Eligible Community Teachers.

18. "Training" means the training of persons involved in Project-supported activities, such term including seminars, workshops, and study tours, and costs associated with such activities include travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.