

**CONFORMED COPY**

**CREDIT NUMBER 4165-BUR**

# **Financing Agreement**

**(Health Sector Support and Multi-Sectoral Aids Project)**

**between**

**BURKINA FASO**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated May 16, 2006**

## **CREDIT NUMBER 4165-BUR**

### **FINANCING AGREEMENT**

AGREEMENT dated May 16, 2006, between BURKINA FASO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 the Financing 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 credit in an amount equivalent to thirty three million Special Drawing Rights (SDR 33,000,000) (the “Credit”) to assist in financing the project described in Schedule 1 to this Agreement (the “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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are April 1 and October 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Euro.

### **ARTICLE III - PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall 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 - REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
  - (a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.
  - (b)
    - (i) Subject to subparagraph (ii) below: (A) the right of the Recipient to withdraw the proceeds of any grant or loan made to the Recipient for the financing of the Program shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; or (B) any such loan shall have become due and payable prior to the agreed maturity thereof.
    - (ii) Subparagraph (i) above shall not apply if the Recipient establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and (B) adequate funds for the Program are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.
- 4.02. The Additional Event of Acceleration is the event specified in Section 4.01(a) of this Agreement, if it occurs and is continuing for a period of sixty (60) days after notice of the event has been given to the Recipient by the Association.

### **ARTICLE V - EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:

- (a) The Recipient has opened a Designated Account in CFA Francs in a commercial bank on terms and conditions satisfactory to the Association, for the disbursement of the proceeds of the Financing allocated to Categories (1) and (2).
  - (b) The Recipient has developed terms of reference acceptable to the Association and negotiated the agreement with the consultant for the adaptation of the computerized information system for the financial management (including the software customization, the adaptation of the Health Manual of Financial and Administrative Procedures, the training, and short term assistance) in the PADS MU, in a manner satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under Articles IV and V of the General Conditions and Schedule 2 of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE VI - REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is the Minister of the Recipient at the time responsible for finance.

6.02. The Recipient's Address is:

Ministry Finance and Budget  
03 BP 7050  
Ouagadougou 03  
Burkina Faso

Cable:	Telex:	Facsimile:
SEGEGOUV	5555	(226) 50-31-27-15

6.03. 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) or	1-202-477-6391

Washington, D.C. 64145 (MCI)  
AGREED at Ouagadougou, Burkina Faso, as of the day and year first above  
written.

**BURKINA FASO**

**By /s/ Jean-Baptiste Marie Pascal Compaoré**  
**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Mats Karlsson**  
**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to support the implementation of the Recipient's Program which aims at improving health and the fight against HIV/AIDS on the Recipient's territory.

The Project consists of the following parts, subject to modification thereof as the Recipient and the Association may agree from time to time to achieve such objective:

#### ***Part A: Strengthening the health sector***

Carrying out Subprograms for:

- (1) improving quality and utilization of maternal and child health services, including through: (i) scaling up integrated management of child illness; (ii) improving quality and reducing the cost for emergency obstetrical care and normal deliveries; (iii) supporting basic training and equipment for maternal and child health services; (iv) improving medical waste management; (v) strengthening planning tools and guidelines; (vi) supporting promotion campaigns; and (vii) strengthening infrastructure in the health districts;
- (2) scaling up the malaria response and control of communicable diseases, including through: (i) supporting malaria prevention and treatment, including through the distribution of key commodities for malaria control; (ii) supporting the finalization of a prioritized and costed strategy for malaria; and (iii) supporting response to epidemics, including meningitis, cholera and bird influenza;
- (3) scaling up AIDS treatment, including through: (i) supporting non-governmental and other associations of persons living with AIDS to carry out AIDS treatment, and medical care and support; and (ii) improving training, supervision and monitoring of treatment and prevention of sexually transmitted infections in public and private sectors; and
- (4) Strengthening coordination, monitoring, evaluation, supervision and project management for Part A of the Project.

***Part B: Support Fight against HIV/AIDS***

Carrying out Subprograms for:

- (1) supporting HIV prevention and behavior change, including through: (i) scaling up coverage of HIV prevention activities among high-risk groups (commercial sex workers, miners, truckers, youth); (ii) supporting the development and implementation of an integrated HIV/AIDS behavior change communications strategy; (iii) scaling up voluntary testing and counseling; and (iv) strengthening HIV/AIDS and reproductive activities for in and out of school youth;
- (2) mitigating socio-economic consequences of HIV/AIDS epidemic, including through: (i) strengthening care and support for persons infected and affected; (ii) strengthening the capacity of public actors at the central and decentralized levels in policy making and monitoring; and (iii) strengthening capacity of non governmental organizations and other associations and communities; and
- (3) strengthening coordination, monitoring, evaluation, supervision and project management for Part B of the Project;

## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### 1. Institutional Arrangement for the Implementation of Part A of the Project

The Recipient shall maintain the following structure within the Recipient's MOH with functions as set forth in paragraphs (a) through (d), at all times during the implementation of Part A of the Project:

- (a) The National Health Development Plan Committee (*Comité de Suivi du Plan National de Développement Sanitaire*) shall provide overall policy guidance and oversight for the Part A of the Project. It shall be chaired by the Recipient's Minister of Health and include representatives of other key ministries, Donors, partners, and civil society. A technical secretariat (*Secrétariat Technique au Plan National de Développement Sanitaire*), within the Planning and Research Directorate (*Direction des Etudes et de la Planification*) of the MOH, shall provide technical support to the National Health Development Plan Committee.
- (b) The Steering Committee (*Comité Directeur*) established for the Recipient's Health Development Support Program (*Programme d'Appui au Développement Sanitaire*) shall also oversee the Project funding mechanism. It is chaired by the Secretary General of the MOH, and includes directors of all major directorates in the MOH, representatives of Donors, and of the World Health Organization.
- (c) The Project Management Unit within the Planning and Research Directorate (*Direction des Etudes et de la Planification*) of the MOH (the "PADS MU") shall manage the funds of the Financing allocated to, and be responsible for the fiduciary aspects of, Part A of the Project. The Recipient shall prepare and implement a capacity strengthening Subprogram for the Finance and Administration Directorate (*Direction de l'Administration et des Finances*) of the MOH.
- (d) Each directorate within the MOH, the Recipient's thirteen regions, health districts, regional and national hospitals, and other autonomous health research institutes, training schools, non-governmental organizations and private sector health providers, shall be actively involved in the implementation of the Project, through proposals of activities to be included in the Annual Action Plans and their implementation.

## 2. Institutional Arrangement for the Implementation of Part B of the Project

The Recipient shall implement Part B of the Project through the CNLS-IST, and shall maintain the following structure within the CNLS-IST with functions as set forth in paragraphs (a) through (d), at all times during the implementation of Part B of the Project:

- (a) The CNLS-IST's bureau shall provide overall policy for the implementation of the National AIDS Strategy. It shall be chaired by its President, the Recipient's Minister of Health and Minister of Social Action will each serve as first and second chairs respectively. It shall include representatives of other key ministries, private sector partners, international partners and civil society (including persons living with HIV/AIDS).
- (b) A Steering Committee (*Comité Technique de Programmation et de Suivi*) shall oversee Part B of the Project's funding mechanism and technical aspects. It shall include representatives of the Recipient, Donors and the civil society and shall be chaired by the Permanent Secretary of the CNLS-IST.
- (c) The Permanent Secretariat of the CNLS-IST (the "SP-CNLS-IST") shall be responsible for the coordination of Part B of the Project. The CNLS-IST shall establish within the SP-CNLS-IST a project management unit (the "PNLS MU"), with technical and fiduciary staff satisfactory to the Association, which shall be responsible for managing the funds deposited on the HIV/AIDS Designated Account. The Recipient shall prepare and implement a capacity strengthening Subprogram for the PNLs MU and for the Finance and Administration Directorate (*Département chargé de l'Administration et des Finances*) of the SP-CNLS-IST. Subject to an assessment by the Recipient and the Association that the capacity and resources of the Finance and Administration Directorate of the SP-CNLS-IST is satisfactory to manage the funds of the Financing allocated to Part B of the Project, the Recipient shall have the option to transfer these functions from the PNLs MU to the Finance and Administration Directorate of the SP-CNLS-IST. The Planning, Monitoring and Evaluation Directorate (*Département chargé de la Planification, du Suivi –Evaluation*) of the SP-CNLS-IST shall be responsible for technical monitoring and production of monitoring reports in coordination with the PNLs MU.
- (d) Regional and Provincial AIDS Committees shall be established to coordinate prevention activities, care and support the local population,

and their monitoring. Each Provincial AIDS Committee will have an administrator, and each Regional AIDS Committee will have a regional antenna, to provide technical, administrative, and monitoring support to its committee. Village Development Committees shall be established to provide coordination and oversight to the Village AIDS Committees, to plan and implement village development programs, with fiduciary support from intermediate structures.

### **3. Implementation Arrangements**

#### **3.1 Arrangements for the Implementation of Part A of the Project**

- (a) The Recipient shall implement Part A of the Project, or cause Part A of the Project to be implemented, in accordance with the Health Project Implementation Manual, and the Health Manual of Administrative and Financial Procedures, and except as the Recipient and the Association shall otherwise agree, the Recipient shall not amend or waive any provision thereof, if in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.
- (b) Each year during the implementation of Part A of the Project, the Recipient shall develop a draft Annual Action Plan for the implementation of the PNDS for the following calendar year, in scope and format satisfactory to the Association, covering, *inter alia*, such part of the Program eligible for a funding from the proceeds of the Financing.
  - (i) Each year, no later than September 1, or such other date as agreed between the Association and the Recipient, the Recipient shall send to each potential Subprogram Implementing Entity clear instructions for the preparation of their respective annual work plan.
  - (ii) Each potential Subprogram Implementing Entity shall prepare a draft of its annual work plan, listing the activities that it is planning to carry out during the next calendar year for the implementation of the Project including, for each such activity, its objectives, the strategies to be applied, the results expected, the resources needed, the performance indicators, and the evaluation mechanisms. Each annual work plan shall be sent by such potential Subprogram Implementing Entity to the entity under whose authority it is, all in a coordinated manner, no later than on December 15, each calendar year, or such other date as agreed between the Association and the Recipient.
  - (iii) (A) The Planning and Research Directorate (*Direction des Etudes et de la Planification*) of the MOH shall consolidate all annual work plans received from the potential Subprogram Implementing

Entities for the implementation of Part A of the Project into a draft Annual Action Plan for the implementation of the PNDS, which shall highlight, *inter alia*, the programs related to fighting malaria, and to maternal and child health, and the amount allocated to such programs.

- (B) Each draft Annual Action Plan shall be submitted to the Donors for discussion, comments and approval by the Donors, based on: (i) the performance achieved in the implementation of the Annual Action Plan for the previous calendar year; (ii) the technical merits of the draft Annual Action Plan for the next calendar year; and (iii) the resources available for its implementation and financing.
- (C) Once the Annual Action Plan is finalized, reviewed by each interested Donor and approved in accordance with the Recipient's procedure, the Association shall confirm in writing: (i) as the case may be, its approval of the Annual Action Plan; (ii) the percentage and amount of the Annual Action Plan which can be financed by the Association for the relevant calendar year; and (iii) as the case may be, the specific expenditures within the Annual Action Plan which can be financed by the Association as earmarked activities or which cannot be financed (the Annual Confirmation). The modalities of the signing of the Annual Confirmation are further detailed on the Health Project Implementation Manual.
- (iv) Each Subprogram Implementing Entity whose annual work plan has been included in whole or in part in the Annual Action Plan shall enter into a Performance Agreement (on the basis of a model Performance Agreement satisfactory to the Association) with the entity involved in the implementation of the Project under whose authority it is, pursuant to which it will: (i) commit to carry out its activities under such part of its annual work plan; (ii) declare its commitment to the objectives of its annual work plan and the Project; and (iii) commit to the implementation and financing of its annual work plan, pursuant to the terms and conditions described therein, and to its monitoring and evaluation pursuant to the indicators listed in the Performance Agreement.
- (v) The Recipient shall ensure that the required resources for the implementation of the Annual Action Plan are made available to the relevant Subprogram Implementing Entities.

### **3.2 Arrangements for the Implementation of Part B of the Project**

- (a) The Recipient, through the SP-CNLS-IST shall implement Part B of the Project, or cause Part B of the Project to be implemented, in accordance

with the HIV/AIDS Project Implementation Manual and the HIV/AIDS Manual of Administrative and Financial Procedures, and except as the Recipient and the Association shall otherwise agree, the Recipient shall not amend or waive any provision thereof if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.

- (b) Each year during the implementation of the Project, the Recipient shall develop a draft Annual Action Plan for the implementation of the National AIDS Strategy, for the following calendar year, in scope and format satisfactory to the Association, covering, *inter alia*, such part of the Program eligible for a funding from the proceeds of the Financing.
  - (i) Each year, no later than July 1<sup>st</sup>, or such other date as agreed between the Association and the Recipient, the Recipient shall send to each potential Subprogram Implementing Entity clear instructions for the preparation of their respective annual work plan.
  - (ii) Each potential Subprogram Implementing Entity shall prepare a draft of its annual work plan, listing the activities that it is planning to carry out during the next calendar year for the implementation of the Project including, for each such activity, its objectives, the strategies to be applied, the results expected, the resources needed, the performance indicators, and the evaluation mechanisms. Each annual work plan shall be sent by such potential Subprogram Implementing Entity to the entity under whose authority it is, all in a coordinated manner, no later than each September 30 each calendar year, or such other date as agreed between the Association and the Recipient.
  - (iii)
    - (A) The SP-CNLS-IST shall consolidate all annual work plans received from the potential Subprogram Implementing Entities for the implementation of Part B of the Project into a draft Annual Action Plan for the implementation of the National AIDS Strategy.
    - (B) Each draft Annual Action Plan shall be submitted to the Donors for discussion, comments and approval by the Donors, based on: (i) the performance achieved in the implementation of the Annual Action Plan for the previous calendar year; (ii) the technical merits of the draft Annual Action Plan for the next calendar year; and (iii) the resources available for its implementation and financing.
    - (C) Once the Annual Action Plan is finalized, reviewed by each interested Donor, and approved in accordance with the Recipient's procedure, the Association shall confirm in writing:
      - (i) as the case may be, its approval of the Annual Action Plan;
      - (ii) the percentage and amount of the Annual Action Plan which

can be financed by the Association for the relevant calendar year; and (iii) as the case may be, the specific expenditures within the Annual Action Plan which can be financed by the Association as earmarked activities or which cannot be financed (the Annual Confirmation). The modalities of the signing of the Annual Confirmation are further detailed on the HIV/AIDS Project Implementation Manual.

- (iv) Each Subprogram Implementing Entity whose annual work plan has been included in whole or in part in the Annual Action Plan shall enter into a Performance Agreement (on the basis of a model Performance Agreement satisfactory to the Association) with the entity involved in the implementation of the Project under whose authority it is, pursuant to which it will: (i) commit to carry out its activities under such part of its annual work plan; (ii) declare its commitment to the objectives of its annual work plan and the Project; and (iii) commit to the implementation and financing of its annual work plan, pursuant to the terms and conditions described therein, and to its monitoring and evaluation pursuant to the indicators listed in the Performance Agreement.
- (v) The Recipient shall ensure that the required resources for the implementation of the Annual Action Plan are made available to the relevant Subprogram Implementing Entities.

#### **4. Eligibility Criteria and Procedures for Implementation of Subprograms**

No proposed Subprogram activity shall be eligible for funding out of the proceeds of the Financing unless the Recipient has determined that the Subprogram Implementing Entity satisfies the eligibility criteria, which shall include, *inter alia*, the following:

- (a) such Subprogram activities are included in an Annual Action Plan which has been approved by the Donors; an Annual Confirmation for the calendar year of such Annual Action Plan has been signed by the Association and notified by the Association to the Recipient;
- (b) the Subprogram Implementing Entity has signed a Performance Agreement;
- (c) the Subprogram Implementing Entity has established appropriate governance and implementation arrangements and secured adequate technical, financial management and procurement capacity to implement the proposed Subprogram activities, or has adopted a specific time-bound plan of actions satisfactory to the Recipient, to strengthen its capacity; and

- (d) the Subprogram Implementing Entity has made adequate provision for carrying out an adequate evaluation of annual performance during the subsequent year, including evidence that such evaluation will be performed as part of a participatory process involving, *inter alia*, the civil society, the local authorities and the Donors, in accordance with terms and conditions further described in the Health Project Implementation Manual, or the HIV/AIDS Project Implementation Manual, as the case may be.

## **5. Terms and Conditions of Performance Agreements**

- (a) Each Subprogram shall be carried out pursuant to a Performance Agreement, to be entered into by the respective Subprogram Implementing Entity in accordance with paragraph (4)(b) above, which, shall *inter alia*, include the following:
  - (i) the description of the activities included in the Subprogram, their objectives, expected results to be reviewed on an annual and semi-annual basis, and the performance indicators on the basis of which the performance should be assessed;
  - (ii) the obligation of the Subprogram Implementing Entity to: (A) carry out the Subprogram activities with due diligence and efficiency and in accordance with sound technical, financial, managerial and public health practices; (B) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Subprogram activities; and (C) report to the entity under whose authority it is, on a regular basis on the progress of the activity, expenditures financed, and procurement progress, in accordance with formats contained in the Performance Agreement;
  - (iii) the requirement that the works, goods, consultants' services and training to be financed from the proceeds of the Financing shall be procured in accordance with: (i) procedures ensuring efficiency and economy; and (ii) the provisions of Section III below, and shall be used exclusively in the carrying out of Subprograms; and
  - (iv) the right of the Recipient to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the works, goods, services and training included in the Subprograms, and any relevant records and documents; and (B) obtain all information as it, or the Association, shall reasonably request

regarding the administration, operation and financial conditions of Subprograms activities.

- (b) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any provision of the Performance Agreement, which, in the opinion of the Association, may materially and adversely affect the implementation of Subprogram activities.

**6. Safeguards measures**

- (a) The Recipient shall implement the Project in accordance with the Medical Waste Management Plan.
- (b) Except as the Association shall agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the Medical Waste Management Plan.

**Section II. Project Monitoring, Reporting, Evaluation**

**A. Project Reports**

- 1. (a) 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 the indicators set forth below in sub-paragraph (b) of this paragraph, subject to modifications by agreement between the Association and the Recipient. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than three months after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) shall include the following, for Part A of the Project:

<b>Indicators</b>	<b>As of the date of this Agreement</b>	<b>As of Mid Term Review (03/08)</b>	<b>As of Closing</b>
<b>(i) Percentage of children under 5 sleeping under treated bed nets</b>	25%	50%	70%
<b>(ii) Percentage of children under one year of age who has received a third dose of Pentavalent vaccine</b>	57%	87%	91%
<b>(iii) Percentage of births assisted by trained health personnel</b>	33%	36%	38%
<b>(iv) Percentage of children (6-59 months) receiving vitamin A supplements</b>	33%	42%	50%
<b>(v) Number of HIV positive persons receiving antiretroviral treatment</b>	6,630	11,000	15,000

- (c) The performance indicators referred to above in sub-paragraph (a) shall include the following, for Part B of the Project:

Indicators	As of the date of this Agreement	As of Mid Term Review (03/08)	As of Closing
<b>(i) Percentage of young adults (age 15-24) who report having used a condom during their previous sex with a non-regular partner (male/female).</b>	Male: 69% Female: 52%	Male: 75% Female: 59%	Male 80% Female: 65%
<b>(ii) Percentage of STI patients who are correctly diagnosed, counseled, and treated</b>	5%	12%	20%
<b>(iii) Number of persons receiving voluntary HIV testing and counseling</b>	190,000	200,000	210,000
<b>(iv) Number of villages and community-based organization implementing HIV/AIDS activities</b>	3,400	5,000	7,000
<b>(v) Number of orphans and vulnerable children receiving care and support</b>	120,000	150,000	200,000

2. For the purpose of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association no later than December 31, 2010.

**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 three months after the end of each calendar semester, interim un-audited financial reports for the Project covering the previous semester, 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, commencing with the fiscal year in which the first withdrawal under the Financing was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

### **Section III. Procurement**

#### **A. General**

**1. Goods and works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing through international competition shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and the provisions of this Schedule. All other goods and works for the Project to be financed out of the proceeds of the Financing shall be procured in accordance with the National Procurement Law.

**2. Consultants' services.** All consultants' services required for the Project and to be financed out of the Financing through international competition 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 Schedule. All other consultants' services for the Project to be financed out of the proceeds of the Financing shall be procured in accordance with the National Procurement Law.

**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 the Procurement Guidelines, or Consultant Guidelines, or are defined in the Appendix, as the case may be.

#### **B. Particular Methods of Procurement of Goods and Works**

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

**2. Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Methods</b>	
(a)	National Competitive Bidding
(b)	Direct Contracting
(c)	Limited International Bidding
(d)	Community Participation
(e)	Procurement From United Nations Agencies
(f)	Procurement through Procurement Agent
(g)	Other methods included in the National Procurement Law

**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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Methods</b>	
(a)	Quality Based Selection
(b)	Least Cost Selection
(c)	Individual Consultants
(d)	Selection of UN Agencies as Consultants
(e)	Use of Nongovernmental Organizations
(f)	Single Source Selection
(g)	Other Methods included in the National Procurement Law

**D. Review by the Bank of Procurement Decisions**

1. 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 and of this Section and such additional instructions as the Association shall specify by notice to the Recipient, 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 (each a "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:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Eligible Expenditures financed under Subprograms for the implementation of Part A of the Project, which are not included in Category 2	14,300,000	Such percentage of the Annual Action Plan as the Association may determine for each calendar year.
(2) Eligible Expenditures financed under Subprograms for the implementation of Part A of the Project, procured under ICB:  (i) Civil works for the implementation of Part A of the Project;  (ii) Goods for the implementation of Parts (A)(2)(i) and Part (A)(1)(iv) of the Project; and  (iii) Drugs for the implementation of Part A of the Project.	4,200,000	100%
(3) Eligible Expenditures financed under Subprograms for the implementation of Part B of the Project	14,500,000	Such percentage of the Annual Action Plan as the Association may determine for each calendar year.
<b>TOTAL AMOUNT</b>	33,000,000	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed three million one hundred thousand SDR (SDR 3,100,000) may be made for payments

made prior to this date but on or after March 1, 2006, for Eligible Expenditures under Category (1) for the financing of Part A (2) of the Project;

- (b) under category (3), until evidence satisfactory to the Association has been furnished to the Association that the conditions specified in subparagraphs (i) through (vii) of this paragraph have been complied with by the Recipient:
  - (i) The Recipient has nominated a Manager, and appointed the following staff for the PNLs MU, on the basis of terms of references and with qualifications and experience satisfactory to the Association:
    - a. A Chief Financial Officer;
    - b. A Senior Accountant;
    - c. Three accountants;
    - d. A Procurement Specialist; and
    - e. An Internal Controller.
  - (ii) The Recipient has appointed an accountant on the basis of terms of reference and with qualifications and experience satisfactory to the Association for the PAMAC;
  - (iii) The Recipient has established a computerized information system for the financial management (including software customization, the adaptation of the HIV/AIDS Manual of Financial and Administrative Procedures, the training, and short term assistance) in the PNLs MU, in a manner satisfactory to the Association;
  - (iv) The Recipient has adopted the HIV/AIDS Project Implementation Manual in form and substance satisfactory to the Association;
  - (v) The Recipient has established the Steering Committee referred to in Section I (2) (b) of Schedule 2 to this Agreement;
  - (vi) The Recipient has opened a Designated Account in CFA Francs in BCEAO on terms and conditions satisfactory to the Association, for the disbursement of the funds of Category (3); and

- (vii) The Recipient has recruited an external auditor for the SP-CNLS-IST under terms and conditions acceptable to the Association.

2. The Closing Date is June 30, 2010.

**Section V. Other Covenants**

1. The Recipient shall have: (i) developed a chart of cost accounting (analytical nomenclature), in form and substance satisfactory to the Association; and (ii) adapted the computerized information system for the financial management of PADS MU (including the software customization, the adaptation of the Health Manual of Financial and Administrative Procedures and the Health Project Implementation Manual, the training and short term assistance), no later than December 31, 2006;
2. The Recipient shall have organized, and all staff of the PNLs MU, Provincial and Regional AIDS Committees, shall have participated in training on financial management, no later than December 31, 2006;
3. The Recipient shall have organized, and all staff of the PADS MU shall have participated in, training on financial management, no later than December 31, 2006;
4. The Recipient shall have entered into an agreement with one or several duly qualified institutions or non governmental organizations for the provision of technical assistance to the villages participating in the implementation of Part B of the Project, in form and substance satisfactory to the Association, no later than December 31, 2006;
5. The Recipient shall have developed an action plan for the strengthening of the capacities of the Department responsible for the Administration and Finances of the SP-CNLS-IST at mid term, no later than December 31, 2006;
6. The Recipient shall have retained the services of a duly internationally qualified consultant to strengthen the capacities of PADS MU and the MOH, in particular the Department responsible for the Administration and Finances of the MOH, with respect to procurement, no later than December 31, 2006; and
7. The Recipient shall have developed an action plan for the strengthening of the capacities of the Department responsible for the Administration and Finances of the MOH at mid term, no later than March 31, 2007.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each April 1 and October 1:	
commencing October 1, 2016 to and including April 1, 2026	<b>1%</b>
commencing October 1, 2026 to and including April 1, 2046	<b>2%</b>

\*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### Definitions

1. “Annual Action Plan” means the Recipient’s annual action plan for the implementation of the PNDS (as hereinafter defined) under the responsibility of the MOH (as hereinafter defined), or Recipient’s annual action plan for the implementation of the National AIDS Strategy (as hereinafter defined) under the responsibility of the CNLS-IST (as hereinafter defined), as the case may be, in each case in form and substance satisfactory to the Donors, including the Association, and duly approved by the appropriate authorities in accordance with the Recipient’s laws and regulations.
2. “BCEAO” means *Banque Centrale des Etats de l’Afrique de l’Ouest*, the central bank for the Recipient and other members of the West African Monetary Union.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CFA Franc” means *Franc de la Communauté Financière Africaine*, the lawful currency of the Recipient and other members of the African Financial Community.
5. “CNLS-IST” means the Recipient’s HIV/AIDS Counsel (*Conseil National de Lutte contre le SIDA et les IST*) established and organized by Presidential Decree no. 2001-510/PRES/PM/MS dated October 1, 2001, (*Décret portant création, attributions, organisation et fonctionnement du Conseil National de Lutte contre le SIDA et les Infections Sexuellement Transmissibles au Burkina Faso*), as further completed and amended as of the date of this Agreement.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
7. “Designated Account” means, as the case may be, the pool account for the financing of Annual Action Plans for the implementation of the National AIDS Strategy (as hereinafter defined), the pool account for the financing of the Annual Action Plans for the implementation of the PNDS (as hereinafter defined), or the segregated account for the disbursement of the funds of the Financing under Categories 1 and 2.
8. “Donors” means the donors participating in the financing of the PNDS (as hereinafter defined), or the donors participating in the financing of the National AIDS Strategy (as hereinafter defined), as the case may be.

9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
10. “Health Manual of Financial and Administrative Procedures” means the Recipient’s manual containing financial, administrative and accounting procedures applicable to the implementation of the PADS, to be amended in accordance with Section 5.01(c), as such manual may be amended from time to time in agreement with the Association, and such term includes any schedule to the Health Manual of Financial and Administrative Procedures.
11. “Health Project implementation Manual” means the guidelines and procedures satisfactory to the Association to be used for the purpose of implementing the PADS (as hereinafter defined), in the administrative, financial management, procurement, monitoring and evaluation areas, and other provisions related to the institutional organization, and the terms and conditions of the participation of Donors, including for the approval of the Annual Action Plans, the Annual Confirmation, and their monitoring and evaluation activities, as such guidelines and procedures may be amended from time to time in agreement with the Association, and such term includes any schedule to the Health Project Implementation Manual.
12. “HIV/AIDS” means human immune deficiency virus/acquired immune deficiency syndrome.
13. “HIV/AIDS Manual of Financial and Administrative Procedures” means the Recipient’s manual containing financial, administrative and accounting procedures applicable to the implementation of the National AIDS Strategy (as hereinafter defined), as such manual may be amended from time to time in agreement with the Association, and such term includes any schedule to the HIV/AIDS Manual of Financial and Administrative Procedures.
14. “HIV/AIDS MOU” means the memorandum of understanding entitled « *Protocole de Financement Commun entre le Ministère des Finances et du Budget du Burkina Faso et le Groupe des Donateurs concernant la Stratégie Nationale de Lutte contre le SIDA* » to be entered into between the Recipient and the Donors.
15. “HIV/AIDS Project implementation Manual” means the guidelines and procedures satisfactory to the Association to be used for the purpose of implementing the National AIDS Strategy (as hereinafter defined), in the administrative, financial management, procurement, monitoring and evaluation areas, and other provisions related to the institutional organization, and the terms and conditions of the participation of Donors, including for the approval of the Annual Action Plans, the Annual Confirmation, and their monitoring and evaluation activities, as such guidelines and procedures may be amended from

time to time in agreement with the Association, and such term includes any schedule to the HIV/AIDS Project Implementation Manual.

16. “Medical Waste Management Plan” means the Recipient’s plan entitled “*Plan d’Action de la Gestion des Déchets Biomédicaux*” dated November 23, 2005.
17. “MOH” means the Recipient’s Ministry of Health.
18. “National AIDS Strategy” means the Recipient’s National AIDS Strategy (2006-2010), adopted by the CNLS-IST on June 30, 2005, which is organized around five strategic priorities including: (i) strengthen prevention of HIV and sexually transmitted infections, and promotion of voluntary testing and counseling; (ii) reinforce access to medical care and support for persons living with HIV/AIDS; (iii) strengthen protection and support for person living with HIV/AIDS and other vulnerable groups; (iv) reinforce partnership, coordination, and resource mobilization; and (v) strengthen surveillance of the epidemic, monitoring and evaluation, and promotion of research.
19. “National Procurement Law” means collectively: (i) decree no. 2003-263/PRES/PM/MFB dated May 27, 2003 on procurement; (ii) *arrêté* no. 2003-0281/MFB/CAB dated July 15, 2003 on administrative documents to be provided by bidders; (iii) *arrêté* no. 2003-0282/MFB/CAB dated July 15, 2003 on the tender documents; and (iv) *arrêté* no. 2003-0283/MFB/CAB dated July 15, 2003 on the operation of the award commission, arbitration commission and reception commission; as such decree and *arrêtés* may be completed or amended from time to time by the Recipient, subject to the written agreement of the Association.
20. “PADS” means the *Programme d’Appui au Développement Sanitaire*, the Program for the implementation of the PNDS
21. “PADS MU” means the management unit established for the implementation of Part A of the Project.
22. “PAMAC” means *Programme d’Appui au Monde Associatif et Communautaire*.
23. “PNDS” means the Recipient’s 10-year health strategy (*Plan National de Développement Sanitaire –PNDS- 2001-2010*), adopted by the Counsel of Ministers on July 30, 2001, which identifies key priorities and program objectives for the health sector including: (i) increase geographic coverage of the health services; (ii) improve the quality of utilization of health services; (iii) strengthen the fight against communicable and non communicable diseases; (iv) reduce HIV transmission; (v) improve the quality and distribution of human resources in the health sector; (vi) increase financial accessibility for the population; (vii) increase health sector financing; and (viii) strengthen

capacity in the health sector; as completed by the Medium Term Expenditure Framework (2005-2010).

24. “PNLS” means the *Programme National de Lutte Contre le SIDA*, the Program for the implementation of Part B of the Project.
25. “PNLS MU” means the management unit established for the implementation of Part B of the Project in accordance with Section IV (B) (1) (i) of Schedule 2 to this Agreement.
26. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
27. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 28, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
28. “Program” means collectively the PNDS and the National AIDS Strategy.
29. “SP-CNLS-IST” means the Permanent Secretariat of the CNLS-IST established by the Recipient pursuant to Decree no. 2005-228/PRES/PM/MS/MEDEV/MFB *portant attributions et organisation du Secrétariat Permanent du Conseil National de Lutte contre le SIDA et les Infections Sexuellement Transmissibles*.
30. “Subprogram” means a set of eligible activities in the areas set out in Schedule 1 to this Agreement, which are included in an Annual Action Plan for the implementation of Part A of the Project or Part B of the Project, as the case may be.
31. “Subprogram Implementing Entity” means an entity involved in the implementation of Part A of the Project or Part B of the Project, as the case may be, whether at the central, regional, district or community level.