

CONFORMED COPY

CREDIT NUMBER 3619 SE

Development Credit Agreement

(Nutrition Enhancement Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 29, 2002

CREDIT NUMBER 3619 SE

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated March 29, 2002, between REPUBLIC OF SENEGAL (the

Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Association has received from the Borrower the *Lettre de Politique de Développement de la Nutrition* (Letter of Nutrition Development Policy) dated January 25, 2002, describing therein a program of actions, objectives, and policies (the Program) designed to improve the nutritional status of the most vulnerable groups of the Borrower's population with a view to: (i) strengthening poverty reduction strategy and efforts, and (ii) facilitating economic development, and declaring therein the Borrower's commitment to the execution of the Program; and

(C) the Borrower has requested that the Association support its execution of the Program through a series of credits over a period of ten (10) years, the proceeds of such credits to be utilized by the Borrower for the implementation of the Program; 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 (as amended through October 6, 1999), with the modification set forth below (the General Conditions), constitute an integral part of this Agreement:

Paragraph (c) of Section 9.06 of the General Conditions is modified to read as follows:

"(c) Not later than six months before the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit."

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) “BEN” means *Bureau Exécutif National*, the executive bureau of the CLM (as hereinafter defined), responsible for the management of all activities under the Project and established by *Arrêté* No. 010062/PM/Cab/DC of the Prime Minister dated December 26, 2001;

(b) “BEN Work Program” means the work program prepared annually by BEN and approved by CLM for the carrying out of BEN’s management activities under the Project, including the regional implementation to be carried out by BERs;

(c) “Beneficiaries” means poor and vulnerable people and households in the 25 urban *communes* and the Borrower’s rural areas of the *Fatick, Kolda* and *Kaolak* regions, facing nutritional challenges; including children under 3 years of age and pregnant and lactating women;

(d) “BER” means *Bureau Exécutif Régional*, the regional branch of BEN responsible for the coordination of the nutrition and growth promotion interventions at the regional level and to be established under the Project;

(e) “CBO” means a community-based organization established and operating under the Borrower’s laws;

(f) “CLM” means *Cellule de Lutte contre la Malnutrition*, the multi-sectoral coordination unit responsible for the implementation of the nutrition policy in the Borrower’s territory;

(g) “DEPS” means *Division de l’Education pour la Santé*, a department of the Borrower’s Ministry of Health responsible for nutrition awareness;

(h) “DNAN” means *Division Nationale de l’Alimentation et de la Nutrition*, a department of the Borrower’s Ministry of Health responsible for advising and carrying out activities on feeding and nutrition;

(i) “Executing Agency” means a CBO, NGO, parastatal, public or private sector entity, association, or institution, selected to enter into a Financing Agreement with CLM for the carrying out of nutrition related activities, growth promotion and small-scale food security interventions approved under a Subproject (as hereinafter defined);

(j) “FCFA” means *Franc de la Coopération Financière Africaine*, the currency of the Borrower;

(k) “Financing Agreement” means the Agreement to be entered into between an Executing Agency and CLM for the purpose of financing a Subproject (as hereinafter defined);

(l) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(m) “Fiscal Year” and “FY” mean the fiscal year of the Borrower commencing January 1 and ending December 31;

(n) “Grant” means a grant made out of the proceeds of the Credit to an Executing Agency for the carrying out of a CLM-approved Subproject (as hereinafter defined) in (i) nutrition related and growth promotion activities and services to Beneficiaries, and (ii) household food security interventions;

(o) “IEC” means information, education and communication;

(p) “IMCI” means integrated management of childhood illnesses;

(q) “LE” means *Lettre d’Exécution*, the Implementation Agreement entered into between CLM and each Line Ministry (as hereinafter defined) and setting forth nutrition related activities and services and financial arrangements thereof, to be carried out by each Line Ministry in accordance with a Work Program (as hereinafter defined) approved by CLM;

(r) “Line Ministry” means, for purposes of the Project, the ministries of health, including DNAN and DEPS, agriculture, family affairs and national solidarity, and women’s condition, respectively, which Work Program (as hereinafter defined) is to be financed under an Implementation Agreement entered into between such Line Ministry and CLM;

(s) “MOHP” means the Borrower’s Ministry of Health and Prevention;

(t) “NGO” means a non-governmental organization established and operating under the laws of the Borrower;

(u) “Nutrition Aide” means a person selected by the community to provide preventive nutrition and child growth promotion assistance under the Project;

(v) “Procedures Manual” means the manual referred to in Section 6.01 (c) of this Agreement setting forth, *inter alia*, the eligibility criteria for the selection of Executing Agencies and Subprojects (as hereinafter defined), the terms and conditions for Financing Agreements, Work Programs (as hereinafter defined) and Implementation Agreements, including procurement and accounting procedures thereof, the procedures and guidelines for the coordination, management, monitoring and evaluation of the Project, including detailed performance indicators, training plans and capacity building programs and other activities and arrangements to be used for the purposes of implementing the Project, to be adopted by the Borrower not later than the Effective Date, as the same may be amended from time to time with the Association’s prior written consent, and such term includes any schedules to the Procedures Manual;

(w) “Project Account” means the Account referred to in Section 3.04 (a) of this Agreement;

(x) “Project Implementation Plan” and “PIP” mean the plan referred to in Section 6.01 (c) of this Agreement;

(y) “Project Preparation Advance” means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on March 15, 2001 and on behalf of the Borrower on March 21, 2001;

(z) “Project Year” and “PY” mean each twelve month period during Project

implementation, starting from the day after the Effective Date and ending twelve months thereafter and each subsequent twelve month period after it;

(aa) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement;

(bb) “Subproject” means: (i) a nutrition-related service or activity, including child growth promotion, and (ii) a small-scale household food security related activity, to be carried out by an Executing Agency utilizing the proceeds of the Credit made available under a Financing Agreement entered into between such Executing Agency and CLM; and

(cc) “Work Program” means the preventive nutritional activities and services and the IEC campaigns included in a work program prepared by each Line Ministry, and approved by CLM, and to be financed under an Implementation Agreement entered into between such Line Ministry and CLM.

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 eleven million eight hundred thousand Special Drawing Rights (SDR11,800,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) 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 and to be financed out of the proceeds of the Credit, and (ii) amounts paid (or, if the Association shall so agree, to be paid) by CLM on account of withdrawals made for the carrying out of: (A) a Subproject by an Executing Agency under a Financing Agreement; and (B) a Work Program by a Line Ministry under an Implementation Agreement and a BEN Work Program, all to be financed under the Project, and in respect of which the withdrawal from the Credit Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in FCFA a special deposit account in a commercial bank, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment.

(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 January 15, 2006 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 semiannually 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 semiannual installments payable on each January 15 and July 15 commencing July 15, 2012 and ending January 15, 2042. Each installment to and including the installment payable on January 15, 2022 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 semiannual 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 French Republic 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 CLM with due diligence and efficiency and in conformity with appropriate administrative, financial, public utility and health 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 9.06 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 before 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.

Section 3.04. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower, for the purposes of making available its counterpart contribution to the financing of the Project, shall:

(a) open and maintain, for the duration of the Project, an account (the Project Account) in FCFA in a commercial bank, on terms and conditions satisfactory to the Association;

(b) promptly thereafter, make an initial deposit into the Project Account, in an amount equivalent to FCFA 130,000,000 to finance the Borrower's contribution to the Project for the first FY during Project implementation;

(c) thereafter deposit into the Project Account by February 15 in each Fiscal Year during Project implementation such amount as shall be required to replenish on a timely basis the Project Account back to the amount of the initial deposit referred to in paragraph (b) above; and

(d) ensure that amounts deposited into the Project Account shall be used exclusively to make payments to meet expenditures made or to be made in respect of the reasonable cost of goods and services for the Project in addition to those financed from the proceeds of the Credit.

Section 3.05. The Borrower shall make adequate arrangements to assume exclusive responsibility for the financial operation and management of its urban development centers.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain an accounting and financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each fiscal year audited, in accordance with auditing standards acceptable to the Association, 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, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Association may 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 or Financial Monitoring Reports, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate 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;
- (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 Financial Monitoring Reports or 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; and
- (v) 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.

Section 4.02. Without limitation upon the Borrower's progress reporting obligations set out in paragraph 9 of Schedule 4 to this Agreement, the Borrower shall prepare, in accordance with terms of reference acceptable to the Bank, and furnish to the Bank not later than 45 days after the end of the first calendar quarter after the Effective Date, and thereafter not later than 45 days after each calendar quarter, a Financial Monitoring Report for such period, which:

- (a) sets forth actual and projected sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under

the Credit, and explains variances between the projected and actual sources and uses of such funds;

(b) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the previously forecast and actual implementation targets; and

(c) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional event is specified, namely, that a situation shall have arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

ARTICLE VI

Effective Date; Termination

Section 6.01 The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower has opened the Project Account pursuant to Section 3.04 (a) of this Agreement and has deposited therein the initial deposit referred to in Section 3.04 (b) of this Agreement;

(b) the Borrower has established the accounting and financial management system for the Project referred to in Section 4.01 of this Agreement, satisfactory to the Association;

(c) the Borrower has adopted the Procedures Manual and the PIP for the first year of the Project, both in form and substance satisfactory to the Association;

(d) the Borrower has furnished to the Association the Implementation Agreement between CLM and the Ministry of Health and Prevention, in form and substance satisfactory to the Association; and

(e) the Borrower has appointed independent auditors for the Project with qualifications and experience satisfactory to the Association.

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

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The minister of the Borrower at the time responsible for Finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Economy and Finance
Rue René N'diaye
B.P. 4017
Dakar
Senegal

Cable address:	Telex:
MINIFINANCES	3203 G Dakar

For the Association:

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

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF SENEGAL

By /s/ Mamadou Mansour Seck

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Works	150,000	80% of local expenditures
(2) Goods	700,000	100% of foreign expenditures and 80% of local expenditures

(3)	Pharmaceuticals	600,000	100% of foreign expenditures and 80% of local expenditures
(4)	Consultants' services and training	7,450,000	100%
(5)	Subprojects	400,000	80% of amounts disbursed
(6)	Operating costs	600,000	80%
(7)	Refunding of Project Preparation Advance	700,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(8)	Unallocated	1,200,000	
	TOTAL	11,800,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(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 ; provided, however, that, if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures";

(c) the term "operating costs" means the incremental expenses incurred on account of Project implementation, including audit costs, office rental fees, equipment and supplies, office administration costs, utilities, communication and insurance costs, vehicle operation and maintenance, travel, per diem and supervision costs, salaries of locally contracted employees but excluding salaries of officials of the Borrower's civil service; and

(d) the term "pharmaceuticals" means drugs, micronutrients, medical supplies, medical and nutritional kits, deworming tablets, impregnated bednets and oral rehydration salt.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement; and

(b) Category (5) “Subprojects”, unless: (i) the Financing Agreements entered into between CLM and Executing Agencies shall have been made in accordance with the procedures and the terms and conditions referred to in Schedule 4 to this Agreement and set forth in detail in the Procedures Manual, as shall be evidenced by the first Financing Agreement furnished to the Association for its prior approval.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for: (a) works under contracts costing less than \$100,000 equivalent each; (b) goods and pharmaceuticals under contracts costing less than \$100,000 equivalent each; (c) consultant services and training under contracts costing less than \$100,000 equivalent each for consulting firms and less than \$50,000 equivalent each for individual consultants; (d) Subprojects costing less than \$500 equivalent each; and (e) operating costs under contracts costing less than \$50,000, all under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in building the institutional and organizational capacity required to enable the Borrower’s CLM and its partners in the public and private sectors to develop, implement and monitor multisectoral nutrition activities in both rural and urban areas.

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: Community-Based Nutrition and Growth Promotion Program

Strengthening a preventive and holistic approach to nutrition and health issues at the community level and developing a communication strategy to foster behavioral changes through:

1. Growth Monitoring and Promotion

(a) development of a package of growth promoting interventions starting with pregnant women up to children aged 36 months; and

(b) provision by Nutrition Aides of nutritional and medical services and related follow ups and monitoring activities, including weighing sessions and relevant counseling in connection therewith.

2. Nutrition and Health Education

Organization of small size group discussions and other counseling channels for the delivery of efficient nutrition messages with specific group-targeted contents.

3. Integrated Management of Childhood Illness

(a) Promotion at community level and dissemination by Nutrition Aides of relevant family practices for the prevention of malnutrition and childhood diseases, including diarrhea, measles, acute respiratory infections and malaria. respectively; and

(b) support for: (i) the preparation by DNAN of national guidelines for case management of severe malnutrition occurrences; and (ii) the implementation in the MOHP's district health centers of the new national guidelines.

4. Basic Health Services

(a) Provision of: (i) basic health services to Beneficiaries, including acquisition and distribution of Pharmaceuticals, including micronutrient supplements, deworming tablets, impregnated bednets and oral rehydration salt; and (ii) training and awareness building among Beneficiaries regarding the impregnation, redipping, and disposal of bednets, and the handling of related chemicals; and

(b) carrying out by Nutrition Aides of promotion activities at community level for the increased use of pre-natal care and health services delivered in the Borrower's health facilities.

5. Fighting the roots of malnutrition

Provision of Grants for the carrying out of community-initiated or demand-driven Subprojects in relation to nutrition activities and services, including relevant health, environmental and water and sanitation issues and small-scale food security interventions.

Part B : Capacity Building and Monitoring and Evaluation

Optimizing Project implementation through development and strengthening of:

1. Institutional and organizational capacity for an efficient delivery of Project activities and services, including:

(a) support for the operations of DNAN and DEPS;

(b) organization of training programs: (i) in nutrition related activities and services for nutrition service providers, (ii) in nutrition supervision for Nutrition Aides, and (iii) in contract management, accounting, and other administrative arrangements for eligible Executing Agencies and selected staff of local urban and rural governments;

(c) support for the establishment of: (i) small community fora, comprising civil

society representatives, including a majority of women's group representatives, and local councilors; (ii) district level public sector/NGO consultative committees for the development of regional nutrition plans; (iii) local committees for the monitoring of nutrition-related interventions; and (iv) training programs on respective duties of participants in the committees established under this sub-paragraph; and

(d) retraining of selected staff of the Borrower's urban development centers in independent provision of nutrition related services and activities or otherwise in income generation activities and skills.

2. Monitoring, evaluation and operational research, including:

(a) monitoring and evaluation reporting obligations and duties for each Executing Agency and nutrition service provider; and

(b) carrying out of: (i) a survey on micronutrient deficiencies using biochemical indicators, and (ii) studies on family and community practices regarding child feeding, hygiene, disease prevention and case management for consideration in the design of Project's IEC campaigns.

Part C: Project Management and Reporting

Support for the establishment and operations of BEN and BERs, including acquisition of goods and equipment, minor rehabilitation of facilities and provision of technical advisory services for assisting in the discharge of their respective managerial and reporting duties for Project implementation purposes.

* * *

The Project is expected to be completed by July 15, 2005.

SCHEDULE 3

Procurement

Section I. Procurement of Good and Works

Part A: General

Goods and works shall be procured in accordance with (a) 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, September 1997 and January 1999 (the

Guidelines) and the provisions of the following Parts of this Section I.

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) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Preference for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$310,000 equivalent, and works estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$110,000 equivalent may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

Goods, including equipment and office supplies, estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$220,000 equivalent, may be procured under contracts awarded on the basis of national or international shopping procedures, subject to local availability of such goods, in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement from UN Agencies

Pharmaceuticals may be procured from Inter-Agency Procurement Services Office (IAPSO) of the United Nations Development Programme (UNDP), the United Nations Children

Education Fund (UNICEF) Procurement Agency (UNIPAC), the United Nations Populations Fund (UNPF), and the World Health Organization (WHO).

4. Community Participation

Goods and works required for Part A.5 of the Project shall be procured in accordance with procedures acceptable to the Association.

5. Procurement of Small Works

Works estimated to cost \$50,000 or less equivalent per contract, up to an aggregate amount not to exceed \$90,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required works, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations 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: (i) procured under International Competitive Bidding and estimated to cost the equivalent of \$100,000 or more, and (ii) the first 3 contracts for goods and works procured under National Competitive Bidding estimated to cost the equivalent of \$50,000 or more and any amendment to an existing contract raising the value of such contract to \$100,000 equivalent 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 International or National Shopping procedures and estimated to cost the equivalent of \$20,000 or more, the following procedures shall apply:

- (i) prior to the execution of any contract 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) the procedures set forth in paragraphs 2(f), 2(g) and 3 of Appendix 1 to the 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 (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

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 Consultant 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 estimated to cost less than \$100,000 equivalent per contract, may consist entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for audits and tasks of a standard nature estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the

provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Under a Fixed Budget

Services estimated to cost less than \$20,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

3. Selection Based on Consultants' Qualifications

Services for research activities and training estimated to cost less than \$20,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

4. Service Delivery Contractors

Services to be provided by nutrition workers/medical personnel shall be in procured in accordance with procedures acceptable to the Association.

5. Individual Consultants

Services for training, small studies and seminars and tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant 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 Consultant 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: (i) each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, and any amendment to an existing contract raising the value of such contract to \$100,000 equivalent or more, and (ii) the first 3 contracts for consulting firms irrespective of their single or aggregate value, the procedures set forth in

paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, and any amendment to an existing contract raising the value of such contract to \$50,000 equivalent 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 the said approval shall have been given.

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 Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

Institutional arrangements

1. The Borrower shall establish, and thereafter maintain at all times during Project implementation, BEN:

(a) responsible for the management and implementation of Project activities, including financial management thereof;

(b) with staff having and maintaining qualifications, experience and work performance and ethics satisfactory to the Association, including, *inter alia*, a Project coordinator, a nutrition specialist, an IEC specialist, a monitoring and evaluation specialist, a procurement specialist, and a financial management specialist; and

(c) under the administrative authority of, and subject to the monitoring and supervision of CLM, to which it will report semiannually.

2. The Borrower shall maintain at all times during Project implementation, CLM:

(a) consisting of representatives of: (i) the offices of the President and the Prime Minister; (ii) key ministries in Project implementation, namely, the Ministries of Economy and Finance; Interior; Education; Social Development; Mining and Energy; Agriculture and Livestock; Youth, Environment and Public Hygiene; Family Affairs; Vocational Training; Health and Prevention; Local Governments; and (iii) the private sector and civil society;

(b) responsible for overseeing Project implementation and coordination; and

(c) under the authority of the Prime Minister's office to which it will report periodically.

Work Programs

3. The Borrower shall ensure that Work Programs are submitted by each Line Ministry concerned and BEN.

4. The Work Programs of Line ministries and BEN Work Programs shall be appraised and approved by CLM, which shall ensure:

(a) that the Work Programs and BEN Work Programs: (i) are prepared in a fully participatory manner; (ii) are fully reflective of national nutrition and health policy and priorities; (iii) are prepared in accordance with relevant key performance indicators; and (iv) include an itemized budget and financing plan;

(b) that the implementation of the Work Programs by the Line Ministries is carried out through Implementation Agreements entered into between CLM and the Line Ministries concerned and is supported and supervised quarterly by CLM; and

(c) that such Implementation Agreements are implemented in accordance with the relevant key performance indicators referred to in subparagraph (c) above;

5. The Borrower shall maintain during Project implementation: (i) the Procedures Manual for the implementation of the Project; (ii) take all measures necessary to ensure that the Project is carried out in conformity with the Procedures Manual; and (iii) unless the Association agrees to otherwise in writing, not amend or waive any provision thereof which in the opinion of the Association may materially and adversely affect the implementation of the Project.

6. Terms and conditions of Implementation Agreements

(a) In financing a Work Program, CLM shall enter into an Implementation Agreement with a Line Ministry, under terms and conditions which shall include the following:

(i) CLM shall make available, promptly as needed, the funds, facilities, services and other resources required for the carrying out of such Work Program which shall not exceed \$100,000 equivalent per Implementation Agreement;

(ii) the requirement that the goods, works and services to be financed out of the proceeds of the Financing Agreement shall be procured in conformity with the provisions set forth in Schedule 3 to this Agreement and that such goods, works and services shall be used exclusively in the carrying out of the Subproject;

(iii) the requirement that: (A) implementation progress and financial reports

be
and

furnished to BEN , each calendar quarter in each FY;

(iv) the requirement that the Line Ministries maintain records reflecting the operations, resources and expenditures related to the carrying out of the Work Programs.

Eligibility criteria for Subprojects

7. Without limitation to the provisions of paragraph 4 of this Schedule, no Subproject shall be eligible for financing out of the proceeds of the Credit unless CLM shall have determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the Procedures Manual, that the Subproject satisfies the eligibility criteria specified in the Procedures Manual, which shall include the following:

(a) the Subproject shall be for the provision of nutrition related services, including IEC and capacity building and training in relation thereto, and the carrying out of activities related to: (i) nutrition, (ii) growth promotion, and (iii) small-scale household food security interventions;

(b) the Subproject shall be community-initiated or demand-driven, prepared by an Executing Agency, submitted to and technically appraised by BEN, and approved by BEN under the aegis of CLM; and

(c) the Subproject shall be in compliance with the standards set forth in the laws of the Borrower relating to health, safety and environmental protection.

Terms and conditions of the Financing Agreements

8. (a) In financing a Subproject, CLM shall enter into a Financing Agreement with an Executing Agency.

(b) For purposes of a Financing Agreement, CLM shall conclude an agreement setting forth the respective obligations of the parties thereunder, under terms and conditions which shall include the following:

(i) financing for the Subproject shall be on a grant basis, not to exceed \$500 equivalent per Financing Agreement;

(ii) the requirement that the goods, works and services to be financed out of the proceeds of the Financing Agreement shall be procured in conformity with the provisions set forth in Schedule 3 to this Agreement and that such goods, works and services shall be used exclusively in the carrying out of the Subproject;

(iii) the requirement that: (A) technical and financial reports; and (B) action plans and budget for the following year be furnished to BEN each

calendar quarter in each FY;

- (iv) the requirement that the Grants be used exclusively for the purposes specified in the Subprojects approved by CLM;
- (v) the requirement that the Executing Agencies maintain an accounting and financial management system, including records and separate accounts, in a format satisfactory to CLM, reflecting the operations, resources and expenditures related to the Subprojects;
- (vi) the right of CLM to inspect by itself or jointly with the Association the services, goods, works and constructions included in the Subproject, the operation thereof and any record or relevant document; and
- (vii) the right of CLM to (A) suspend or terminate the right of an Executing Agency to use the proceeds of the Grant upon failure by the Executing Agency to perform any of its obligations under the Financing Agreement; (B) the subsequent refund by the Executing Agency of any proceeds of the Grant upon the occurrence of the foregoing suspension or termination of rights under a Financing Agreement.

Reviews

9. The Borrower shall:

- (a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 6 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;
- (b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about (i) July 30, 2003, and (ii) July 30, 2004, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report 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; and
- (c) review with the Association, by September 15, 2003 and September 15, 2004, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, 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 the said report and the Association's views on the matter.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories 1 through 6 set forth in the table in paragraph 1 of Schedule 1 to this Agreement .

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

(c) the term “Authorized Allocation” means an amount equivalent to FCFA 1,000,000,000 to be withdrawn from the Credit Account and deposited into the 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 FCFA 500,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 4,000,000.

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

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the 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 Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the 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 Special Account such amount as the Borrower shall have

requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the 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 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 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 Account;

(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 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 the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the 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 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 the 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 Account.

(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.

SCHEDULE 6

Performance Indicators

Unless otherwise agreed to by the Association, for the purpose of this Agreement, the performance indicators for the implementation of the Project are as follows :

- 1 The prevalence of severe underweight is reduced by half in the targeted areas.
 2. The prevalence of underweight (weight /age) is reduced by 25% in targeted areas.
 3. The proportion of children exclusively breastfed until 6 months has increased from 8% to 15% in the targeted areas.
 - 4 The use of prenatal care (at least 3 visits) has increased by 30% in the target areas.
 - 5 The proportion of caregivers who recognize at least 2 danger signs in sick children has increased by 25% in targeted areas.
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