

CONFORMED COPY

CREDIT NUMBER 2686 KE

Development Credit Agreement
(Sexually Transmitted Infections Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 22, 1995

CREDIT NUMBER 2686 KE

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 22, 1995, between the REPUBLIC OF KENYA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Borrower has submitted to the Association a Health Policy Framework Paper, dated November, 1994, including adoption of a district health planning approach and the development of a policy on community-based care (hereinafter referred to as "the Policy Framework");

(B) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project and declared its commitment to the execution thereof in accordance with the Policy Framework;

(C) the Borrower intends to contract from Kreditanstalt fur Wiederaufbau (KfW) a grant (the KfW Grant) in an amount equivalent to \$4,000,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the KfW Grant Agreement) to be entered into between the Borrower and KfW;

(D) the Borrower intends to contract from Overseas Development Administration (United Kingdom) (ODA) a grant (the ODA Grant) in an amount equivalent to \$12,500,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the ODA Grant Agreement) to be entered into

between the Borrower and ODA;

(E) the Borrower intends to contract from Danish International Development Agency (DANIDA) a grant (the DANIDA Grant) in an amount equivalent to \$1,000,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the DANIDA Grant Agreement) to be entered into between the Borrower and DANIDA;

(F) the Borrower intends to contract from the Government of the Kingdom of the Netherlands (the Netherlands) a grant (the Dutch Grant) in an amount equivalent to \$4,000,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the Dutch Grant Agreement) to be entered into between the Borrower and the Netherlands; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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

- (a) "AIDS" means Acquired Immune Deficiency Syndrome;
- (b) "CBO" means a Community Based Organization;
- (c) "HIV" means Human Immuno-Deficiency Virus;
- (d) "IEC" means Information, Education and Communication materials;
- (e) "Implementation Manual" means the Implementation Manual referred to in Section 6.01 (c) of this Agreement;
- (f) "MOH" means the Borrower's Ministry of Health;
- (g) "NASCP" means the Borrower's National Aids and STD Control Program;
- (h) "NGO" means a Non-Governmental Organization;
- (i) "STD" means Sexually Transmitted Disease;
- (j) "STI" means Sexually Transmitted Infection;
- (k) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

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 twenty seven million seven hundred thousand Special Drawing Rights (SDR 27,700,000).

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 expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against setoff, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2001 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 (60) 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 cancelled; 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 February 1 and August 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 1 and August 1 commencing August 1, 2005 and ending February 1, 2035. Each installment to and including the installment payable on February 1, 2015 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 gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, 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 terms of

repayment of installments under paragraph (a) above by 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. If so requested by the Borrower, the Association may revise such modification 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.

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MOH with due diligence and efficiency and in conformity with appropriate clinical, administrative, technical and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement, and the Implementation Plan.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods 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. (a) The Borrower and the Association shall, not later than June 30, 1997, undertake, in conjunction with other interested donors, a midterm review of the Project, during which they shall exchange views generally on all matters relating to the progress of the Project and the performance by the Borrower of its obligations under this Agreement; including, but not limited to: (i) a review of the achievements of the Project, having regard to performance indicators agreed upon between the Borrower and the Association; (ii) the implementation and management aspects of the Project; (iii) implementation procedures in each district; (iv) performance and use of technical assistance personnel; (v) the role of national counterpart staff; (vi) the status and results of training; (vii) reporting, accounting and audit performance; (viii) disbursement procedures; and (ix) the sustainability of the Project.

(b) Not later than one month prior to such midterm review, the Borrower shall furnish to the Association, for its comments, a report, in such detail as the Association shall reasonably request, on the progress and status of the Project.

(c) Following such midterm review, the Borrower shall act promptly and diligently, in order to take any corrective action

deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

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

(a) prepare and furnish to the Association, not later than six (6) months after the Closing Date, or such later date as may be agreed for this purpose between the Borrower and the Association, a plan, of such scope and in such detail as the Association shall reasonably request, for the future operation of the Project;

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

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

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including, in the case of NGOs and CBOs, a separate opinion by said auditors on performance of such NGOs and CBOs under the Project and, in particular, the extent of their compliance with the Implementation Manual; and

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

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

(i) maintain, or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from

the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified:

(a) a situation has arisen which shall make it improbable that the Project, or any part thereof, will be carried out in accordance with the Policy Framework;

- (b) (i) subject to subparagraph (ii) of this paragraph:
 - (A) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled 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) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely, that an event specified in paragraph (b) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (ii) of that Section.

ARTICLE VI

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 issued the authority to incur expenditures to the District Medical Officer for district health

activities pertaining to STIs;

(b) the Borrower has issued guidelines governing the provision of community-based care by NGOs, CBOs and families; and

(c) the Borrower has submitted to the Association a final implementation manual (the Implementation Manual), giving, inter alia, details of proposed organizational arrangements for the implementation of the Project, including the roles and functions of the various persons and entities involved in the implementation of the Project, their reporting obligations and other administrative procedures; together with the annual and training plans referred to in paragraph 6 (a) of Schedule 4 to this Agreement, for the first year of implementation of the Project.

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 Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Finance
P.O. Box 30007
Nairobi
Kenya

Cable address:

FINANCE
Nairobi

Telex:

22921
MINFIN-KE

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

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 KENYA

By /s/ Benjamin Kipkorir

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox

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:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Drugs, supplies and equipment	18,900,000	100% of foreign expenditures and 90% of local expenditures
(2) IEC Materials	4,900,000	90%
(3) Training	70,000	100% of foreign expenditures and 90% of local expenditures
(4) Technical Assistance	350,000	100%
(5) Research/ Monitoring	830,000	90%
(6) Vehicles	630,000	100% of foreign expenditures and 90% of local expenditures
(7) Unallocated	2,020,000 -----	
TOTAL	27,700,000 =====	

2. For the purposes of this Schedule:

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

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

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

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for such expenditures for equipment and goods under contracts not

exceeding \$250,000 equivalent, for consultant services (firms) under contracts not exceeding \$100,000 equivalent, for consultants services (individuals) under contracts not exceeding \$50,000 equivalent, and for all local training programs and overseas training not exceeding \$10,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to mitigate the incidence and impact of sexually transmitted infections, including HIV/AIDS, in a cost effective manner, and to reduce the direct costs of AIDS and the workload of health facilities.

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: Institutional Development

1. Development of the capability of the NASCP to plan, monitor and evaluate STI activities, through, inter alia: (a) training in program management and leadership for NASCP staff; (b) expansion of management and health information systems; (c) strengthening of evaluation strategy and system; and (d) enhancement of capacity to develop policy and technical guidance, and provision of improved systems for communication, printing, distribution and transport.
2. Development of managerial and planning capabilities at district level, through the provision of training and guidance in STI prevention and impact mitigation for district personnel.
3. Development of the ability of district health teams to plan, monitor and implement health activities, and to coordinate and supervise all STD and HIV related activities occurring in the district, regardless of sector.
4. Strengthening of existing national and district STD surveillance systems, and monitoring of STI treatment interventions for efficacy.
5. Provision of grants in favor of existing institutions and private consultants to support research and studies specifically designed to improve interventions supported by the Project.
6. Support for initiatives by NGOs and the private sector to develop intervention for care and for prevention of STI for targeted population.

Part B: Prevention

1. Provision of syndromic treatment of STDs at primary health level in public sector and NGO facilities, including public health measures of condom provision, health promotion, counseling and partner notification.
2. Provision of condoms to districts, municipalities, NGOs and to those providing health services to the military, police security services and refugees.
3. Development and implementation of national IEC programs, including patient education materials, newspapers, magazines, and other print articles, radio and television advertising and programming, as well as non-traditional media.

Part C: Community-based Care for Infected Persons

1. Provision of additional drugs and other commodities needed

to support the on-going Leprosy and Tuberculosis Control Program (LCTP).

2. Strengthening the evolution of treatment and care policy and practices at the central and district levels, including the provision of essential drugs through the national essential drugs program and allocation of funds to the districts for the mobilization and support of community-based responses;

3. Support for existing community-based care programs through provision of drugs for opportunistic infections, supplies for AIDS cases, counseling services and social support.

4. Development and implementation of an occupational safety policy at central and district levels, including the provision of commodities for occupational safety to health personnel.

* * *

The Project is expected to be completed by December 31, 2000.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines), and in accordance with the following additional procedures.

(a) When contract award is delayed beyond the original bid validity period, such period may be extended once, subject to and in accordance with the provisions of paragraph 2.59 of the Guidelines, by the minimum amount of time required to complete the evaluation, obtain necessary approvals and clearances and award the contract. The bid validity period may be extended a second time only if the bidding documents or the request for extension shall provide for appropriate adjustment of the bid price to reflect changes in the cost of inputs for the contract over the period of extension. Such an increase in the bid price shall not be taken into account in the bid evaluation. With respect to each contract made subject to the Association's prior review in accordance with the provisions of Part C of this Section, the Association's prior approval will be required for: (i) a first extension of the bid validity period if the period of extension exceeds sixty (60) days; and (ii) any subsequent extension of the bid validity period.

(b) In the procurement of goods in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed upon with the Association.

2. To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$300,000 or more.

3. Goods procured in accordance with the procedures described in paragraph 1 (a) above shall be exempted from preshipment price inspection by third parties.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Kenya may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Medical equipment and supplies, estimated to cost the equivalent of \$300,000 or less per contract, up to an aggregate amount equivalent to \$1,000,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Drugs and equipment, estimated to cost the equivalent of \$250,000 or less per contract, up to an aggregate amount equivalent to \$1,500,000, and medical equipment and supplies, estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$200,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers from at least three different countries eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

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

(a) With respect to each contract estimated to cost the equivalent of \$250,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank

in August 1981 (the Consultant Guidelines). For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

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

SCHEDULE 4

Implementation Program

1. The Permanent Secretary, MOH, shall be the Project Director and, as such, shall be responsible for the overall coordination and implementation of the Project. He shall be assisted, at the district level, by the District Health Management Teams, district based organizations, CBOs and NGOs. The Program Manager of NASCP shall be responsible for the technical aspects of project implementation.

2. For purposes of the Project, the Borrower shall maintain a Project Steering Committee (PSC) which shall be chaired by the Permanent Secretary, MOH. The PSC, which shall have a purely advisory role, shall comprise representatives of the Office of the President, Ministry of Finance, MOH, Ministry of Information, Ministry of Local Government, Ministry of Planning and National Development, Department of Defence, Universities, NGOs and NASCP. Representatives of other NGOs, and other Ministries and specialized divisions of MOH may be invited, as necessary, to attend the meetings of the Steering Committee.

3. The Borrower shall appoint a Project Coordinator, whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association, and who shall report to the Program Manager of NASCP, to be responsible for the day-to-day implementation of the Project. The Project Coordinator shall work in close cooperation with other technical units of MOH and also serve as Secretary of the PSC.

4. At the district level, the District Medical Officer shall be responsible for coordinating project activities with the support of members of the District Health Management Team, and the assistance of NGOs and community groups active in the district.

5. (a) The Borrower shall have quarterly activity indicators and periodic beneficiary assessment data prepared by the District Intersectoral AIDS Committees, and transmitted to NASCP.

(b) Based on such data, the Borrower shall have consolidated semiannual progress reports prepared by NASCP, and

transmitted to the Association, every six months, for review and comments.

6. The Borrower shall:

(a) cause NASCP to prepare and submit, not later than March 31 of each year, to the Association for review and approval, annual work and training plans, giving details of proposed activities for each forthcoming fiscal year, including a timeframe for all procurement actions to be undertaken under the Project;

(b) in the light of the workplans as so approved by the Association, make adequate allocations in its annual budget to ensure that counterpart funds are readily available at all times to finance the Borrower's share of the cost of the Project; and

(c) ensure that all such budgetary allocations are applied as envisaged for purposes of the Project.

7. The Borrower shall take all measures necessary to: (a) ensure that district health teams shall prepare annual health plans for their respective districts, which shall be consistent with the Borrower's health planning guidelines, and including earmarked funds for activities to be carried out by NGOs and CBOs; (b) monitor, on the basis of the Implementation Manual, the performance of NGOs, CBOs and other participating institutions of the private sector; and (c) periodically conduct a beneficiary assessment on implementation and impact of the Project.

8. For purposes of Part A.5 of the Project, the Borrower shall, within one month following the receipt of each research proposal, appoint an independent review panel to review the proposal. The review panel, whose members, composition and terms of reference shall be acceptable to the Association, shall be appointed by the Permanent Secretary, MOH, in consultation with the Director of Medical Services.

9. Not later than three years after the Effective Date, the Borrower shall have a full internal review of the Project conducted in all districts included in the Project, and an external review thereof conducted in a selection of such districts; and, in the case of each such review, shall have the findings thereof transmitted to the Association within a two months' period after its completion.

10. For purposes of Part B.3 of the Project, the Borrower shall: (a) not later than March 31 of each year, submit to the Association, for review and comments, annual national IEC plans, giving details of proposed prevention interventions and approaches for the forthcoming fiscal year; and (b) ensure that the production of IEC materials are undertaken through open competition.

11. The Borrower shall proceed to implement the action plan resulting from the organizational and manpower analysis of NASCP, in accordance with the timetable and other modalities agreed upon in this regard with the Association.

12. With effect from fiscal year 1996/97, the Borrower shall have the budget of the Ministry of Health disaggregated and published to the level of the districts.

13. For the purposes of Part A.5 of the Project, the Borrower shall, not later than January 1, 1996, enter into a contract with appropriate agencies for the administration and implementation of research grants.

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 \$2,000,000 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 \$1,000,000 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 6,000,000.

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 a deposit or deposits 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 the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the 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, less the amount of any outstanding special commitment 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.

