

CONFORMED COPY

GRANT NUMBER H-031 NIR

Development Grant Agreement

(Support Project for the Multisectoral HIV/AIDS Program)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 14, 2003

CONFORMED COPY

GRANT NUMBER H 031 NIR

DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated April 14, 2003, between the REPUBLIC OF NIGER (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received from the Recipient by letter, dated February 7, 2003, a copy of its strategic national framework for the fight against STIs/HIV/AIDS, (embodied in its Decree No 2002-113/PRN/MSP/LCE dated May 24, 2002, (the STI/HIV/AIDS Strategic National Framework) setting forth a program designed to prevent, mitigate, treat, and care for, the effects of STIs/HIV/AIDS on the population (the Program) and declaring the Recipient's commitment to the execution of the Program;

(C) the Executive Directors of the Association approved, on December 20, 2001, the Second Multi-Country HIV/AIDS Program for the Africa Region estimated in the amount of SDR 500,000,000 over a period of three years; and

(D) the Project is part of the Second Multi-Sectoral HIV/AIDS Program for the Africa Region; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Grant to the Recipient 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 (a) The following provisions of the General Conditions Applicable to Development Grant Agreements of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
 - (ii) Article II;
 - (iii) Section 3.01, and 3.05;
 - (iv) Sections 4.01, 4.02, 4.04, 4.05 and 4.06;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02, 6.03, 6.04 and 6.06;
 - (vii) Article VIII;
 - (viii) Article IX;
 - (ix) Article X;
 - (x) Article XI; and
 - (xi) Article XII .
- (b) The General Conditions shall be modified as follows:
- (i) the term “Borrower”, wherever used in the General Conditions, means the Recipient;
 - (ii) the term “Development Credit Agreement”, wherever used in the General Conditions, means this Development Grant Agreement;
 - (iii) the term “Credit” and “credit”, wherever used in the General Conditions, means the Grant;
 - (iv) the term “Credit Account”, wherever used in the General Conditions, means the Grant Account;

(v) the term: “Principal and Service Charges”, wherever used in the General Conditions, means commitment charges, and

(vi) Section 12.05 is modified to read as follows:

This Development Grant Agreement and all obligations of the parties thereunder shall terminate on the day seven calendar years following the Closing Date.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “ARV” means Anti-Retro Virus;

(b) “Beneficiary” means an individual, or a group of individuals, established and operating as a legal entity under the laws of the Recipient, for the benefit of whom STI/HIV/AIDS prevention, mitigation, treatment, care or support activities are being carried out either under a Work Program or a Subproject;

(c) “Contract” means an agreement entered into between CISLS and an Implementing Agency, for the carrying out of Subprojects for and through Beneficiaries;

(d) “CISLS” means *Coordination Intersectorielle de la lutte contre IST/HIV/AIDS*, the Recipient’s Coordination entity for the carrying out the STI/HIV/AIDS National Strategic Framework and the Project, established by Decree of the Recipient No. 2002-113/PRN/MSP/LCE, dated May 7, 2002;

(e) “CMS” means *Comité mixte de suivi*, the Recipient’s technical expert Committee for the carrying out of the STI/HIV/AIDS National Framework and the Project;

(f) “CNLS” means *Conseil national de lutte contre le SIDA*, established by Decree of the Recipient No. 2002-113/PRN/MSP/LCE, dated May 7, 2002, the Recipient’s council for policy guidance of activities to be carried out under the STI/HIV/AIDS National Framework and the Project;

(g) “CRLS” means *Comité(s) regional de lutte contre le SIDA*, the Recipients regional council(s) for policy guidance of regional activities to be carried out under the Project;

(h) “CSRLS” means *Comité(s) sous-regionaux de lutte contre le SIDA*, the Recipients sub-regional council(s) for policy guidance of sub-regional activities to be carried out under the Project;

- (i) "Deposit" means the deposit referred to in Section 3.03 (b) of this Agreement;
- (j) "European Union", means the European Union having adopted as single currency, the Euro, in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (k) "FCFA" means *Franc de la Communauté Financière Africaine*, the currency of the Recipient;
- (l) "Financial Monitoring Report" or "FMR" means each report prepared in accordance with Section 4.02 of this Agreement;
- (m) "Grant" means a grant made or proposed to be made on behalf of the Recipient to a Beneficiary for the purposes of financing a Subproject (as hereafter defined);
- (n) "Implementing Agency" means an entity, established and operating under the laws of the Borrower, which meets the eligibility criteria set forth in the PIM for the carrying out of Part B of the Project; and "Implementing Agencies" means collectively all such Agencies;
- (o) "IAPSO" means the United Nations Inter-Agency Procurement Services Organization;
- (p) "IEC" means Information, Education and Communication;
- (q) "Line Ministries" mean the Ministries of the Recipient participating through Work Programs under the Project;
- (r) "MSP" means *Ministère de Santé Publique*, the Recipient's Ministry in charge of health;
- (s) "MTCT" means mother-to child-transmission of HIV/AIDS;
- (t) "PLWHA" means People Living With HIV/AIDS;
- (u) "Project Implementation Manual" or "PIM" means the Project Implementation manual referred to in paragraph 1 of Annex 4 to this Agreement, setting forth, *inter alia*, the administrative, financial and accounting procedures manual, the procurement and disbursement procedures, other arrangements governing the implementation of the Project and the terms, conditions, and procedures pertaining to the carrying out Work Programs and Subprojects, as the same may be amended from time to time, and such term shall include any schedules, tables and annexes to the PIM;

(v) "Project Preparation Advance" means the project preparation advance granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on October 12, 2002 and on behalf of the Recipient on December 17, 2002;

(w) "Public Sector Executing Agency" means relevant government agencies and Line Ministries of the Recipient Borrower which meet the eligibility criteria set forth in the PIM for the implementation of Work Programs under Part A of the Project; and Executing Agencies" means collectively all such Agencies;

(x) "Special Account" means, collectively, the accounts referred to in Section 2.02 (b) (i) of this Agreement;

(y) "STI" means Sexually Transmitted Disease;

(z) "Subproject" means an activity or initiative under Part B.2 of the Project and further described in Section IV of Schedule 4 to this Agreement;

(aa) "Subproject Grant Agreement" means the agreements to be entered into between an Implementing Agency and a Beneficiary for the purpose of carrying out a Subproject;

(bb) "Subproject Grant" means the grant referred to in Section 2.02 (a) (i) of this Agreement;

(cc) "TB" means tuberculosis;

(dd) "UNFPA" means the United Nations Food and Population Activities;

(ee) "UNICEF" means the United Nations International Children's Emergency Fund;

(ff) "WHO" means the World Health Organization;

(gg) "Work Program" means an action plan by an Executing Agency set forth in Part A.2 of the Project;

(hh) "Work Program Grant" means the Grant referred to in section 2.02 (a) (i) of this Agreement; and

(ii) "Work Program Grant Agreement" means an agreement to be entered into between CNLS and an Executing Agency for the carrying out of a Work Program.

ARTICLE II

The Grant

Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to eighteen million two hundred thousand Special Drawing Rights (SDR 18,200,000).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Grant 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, works and services required for the carrying out of Project and to be financed out of the proceeds of the Grant, and (ii) amounts paid (or, if the Association shall so agree, amounts to be paid) on account of withdrawals made under a Work Program Grant to be financed under Part A.2 of the Project, or a Subproject Grant to be financed under Part B.2 of the Project, or to meet the reasonable costs of goods, works and services required for a Subproject, in respect of which the withdrawal from the Grant Account is requested..

(b) The Recipient may, for the purposes of the Project open and maintain in FCFA two special deposit accounts. The first of the Special Accounts (Special Account A) shall be used exclusively for Part A, B.2 and B.3, C and D of the Project, and the second Special Account (Special Account B) shall be used exclusively for Part B.1 of the Project.

Such Special Accounts shall be opened in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Recipient, withdraw from the Grant 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 June 30, 2008 or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

Section 2.04. (a) The Recipient shall pay to the Association a commitment charge on the principal amount of the Grant 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 Recipient from the Grant 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 2.04 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 Recipient; 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. Commitment charges shall be payable semiannually on May 15 and November 15 in each year.

Section 2.06 The currency of the European Union 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 Recipient declares its commitment to the objective of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and public health practices with due regard for the environment, 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 Recipient and the Association shall otherwise agree, the Recipient 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 Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. Without limitation to its obligations under Section 3.01 of this Agreement, the Recipient shall, for the purposes of making available its counterpart contribution to the financing of the Project:

(a) open and maintain, until the completion 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 a Deposit into the Project Account, in an amount of FCFA 20,000,000, to finance the Recipient's initial contribution to the expenditures of the Project;

(c) thereafter, at semiannual intervals, deposit into the Project Account such amounts as are estimated to be required for the ensuing six-month period and as shall be agreed upon between the Recipient and the Association; and

(d) ensure that amounts deposited into the Project Account shall be used exclusively to finance the Recipient's contribution for expenditures under the Project and not otherwise financed from the proceeds of the Grant.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall maintain, or cause to be maintained, a 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 Recipient 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 Accounts for each semester 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 four months after the end of each such semester: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such period as so audited, and (B) an opinion on such statements, records and accounts, and the report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning such records, accounts and financial statements and the audit thereof, and concerning said auditors, as the Association shall from time to time reasonably request.

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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the semester in which the last withdrawal from the Grant 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 semi-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 semester, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement and the Recipient's progress reporting obligations set forth in Section I of Schedule 4 to this Agreement, the Recipient shall prepare and furnish to the Association a Financial Monitoring Report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Grant and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first Financial Monitoring Report shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each Financial Monitoring Report shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified

(a) A situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

(b) The Recipient has taken any administrative action so as to affect materially and adversely the ability of CISLS to perform its obligations under the Project.

(c) Decree No 2002-113/PRN/MSP/LCE of the Recipient, dated May 7, 2002, setting forth the STI/HIV/AIDS Strategic National Framework shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the carrying out of the Project.

ARTICLE VI

Effectiveness; Termination

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

The Recipient has:

- (a) adopted and furnished to Association the Project Implementation Manual, in form and substance satisfactory to the Association;
- (b) established a financial managing system in CLSLS satisfactory to the Association;
- (c) appointed the independent auditors referred to in Section 4.01 (b) of this Agreement, under terms and conditions acceptable to the Association, in accordance with the provisions of Section II of Schedule 3 to this Agreement, and
- (d) transferred the Deposit to the Project Account.

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 Recipient; Addresses

Section 7.01. The Minister of the Recipient at the time responsible for finances is designated as representative of the Recipient 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 Recipient:

Ministry of Finance and Economy
BP 389
Niamey
Republic of Niger

Facsimile:

(227) 73 59 34

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)
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 NIGER

By /s/ Ali Badjo Gamatié

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto E. Madavo

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Grant

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

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Works	200,000	100% of foreign expenditures 80% of local expenditures
(2) Goods and vehicles	1,300,000	100% of foreign expenditures 80% of local expenditures
(3) Drugs	2,200,000	100%
(4) Training	1,440,000	100%
(5) Consultants' services and audits	1,440,000	85% of foreign expenditures 80% of local expenditures
(6) Work Program Grants under Part A.1 of the Project	2,550,000	100% of amounts disbursed
(7) Subproject Grants under Part B of the Project	5,800,000	100% of amounts disbursed
(8) Operating costs	730,000	90%

(9) Refunding of pursuant Project Preparation Advance	440,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(10)Unallocated	2,100,000	
TOTAL	<u>18,200,000</u> =====	

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 Recipient for goods or services supplied from the territory of any country other than that of the Recipient;

(b) the term “local expenditures” means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient; provided, however, that if the currency of the Recipient 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 “works” means minor rehabilitation activities and minor repairs;

(d) the term “operating costs” means the incremental expenses incurred on account of implementation of the Project such as: management, monitoring and supervision, internal audits, including office supplies, administrative support, communication, insurance and utility services, travel, vehicle operation and maintenance costs, rental expenses, and bank charges, salaries for contractual and temporary staff, but excluding salaries of officials of the Recipient’s civil service;

(d) the term “Work Program Grants” means training, technical advisory services, small goods, minor rehabilitation work, workshops and costs for other activities incurred pursuant to the Work Program of the respective Executing Agency, including monitoring and supervision costs, and

(e) the term “Subproject Grants” means training, technical advisory services, small goods, minor civil works, and workshops.

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

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

(b) for expenditures in respect of Category (6) (Work Programs) of the table set forth under paragraph 1 of this Schedule, unless an Work Program Grant Agreement has been entered into between the respective Executing Agency and CISLS pursuant to the criteria set forth in the PIM and paragraph (1) of Schedule 4 to this Agreement, and

(c) for expenditures in respect of Category (7) (Subprojects) of the table set forth under paragraph 1 of this Schedule 1, unless a Subproject Agreement has been entered into, pursuant to the provisions set forth in the PIM and paragraph (11) of Annex 4 to this Agreement.

4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures for (i) goods, civil works and services delivered by consulting firms under contracts costing less than \$100,000 equivalent each, (ii) individual consultants under contracts costing less than \$50,000 equivalent each; (iii) operating costs and training and (iv) Work Programs Grants following the first twelve months after Effective Date and Subproject Grants, all under such terms and conditions as the Association shall specify by notice to the Recipient.

5. If the Association shall have determined at any time that any payment made from the Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Association, refund to the Association for deposit into the Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Association.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Recipient to implement its STI/HIV/AIDS Strategic National Framework, in order to slow the spread, and mitigate the impact, of the STI/HIV/AIDS epidemic, through a multi-sectoral approach by: (i) the extension to youth, women of childbearing age and other vulnerable groups nationwide of access to STI/HIV/AIDS prevention, care, mitigation services and treatment; and (ii) the strengthening of the capacity of public, private and community institutions to design, carry out and monitor Work Programs and Subprojects.

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

Part A: Work Programs of Public Sector Executing Agencies

1. Supporting Public Sector Executing Agencies to prepare and carry out Work Programs, comprising, *inter alia*: (a) STIs/HIV/AIDS preventive strategies, including IEC campaigns to foster behavior change among (i) public sector staff and –families and (ii) the Executing Agencies’ clients; (b) promoting access to health care services for: (i) public sector staff and –families and (ii) the Executing Agencies’ clients; (c) promoting of mitigation strategies of the impact of STIs/HIV/AIDS for (i) public sector staff and –families and (ii) the Public Sector Executing Agencies’ clients; and (d) planning, programming and coordinating other mandated activities under the Program, all through the provision of works, technical advisory services, training, workshops and the acquisition of equipment, drugs and vehicles.

2. Strengthening MSP to carry out Work Programs concentrating on, *inter alia*, (i) support to the national HIV/AIDS sentinel surveillance system; (ii) establishment of standardized assistance regulations; (iii) establishment of protocols and assistance services for voluntary check-ups; (iv) support of STI syndromes, (v) strengthening of the national blood screening and supply program to prevent HIV/AIDS transmission; (vi) improved care and treatment of TB; (vii) promoting services, care and counseling in reproductive health and family planning to reduce STI/HIV/AIDS infections; (viii) improved community health care service delivery, and supervision of said care; (ix) prevention of MTCT; (x) care and support for HIV/AIDS infected pregnant mothers and children, (xi) implementation of the medical waste disposal plan; and (xii) support to operational research, all through the provision of technical advisory services, works, training and the acquisition of equipment, vehicles, drugs and supplies.

3. Assisting CISLS to enter into Work Program Grant Agreement for Work Programs with Public Sector Executing Agencies through support in, *inter alia*, (a) management planning and prioritizing of activities, (b) policy development and strengthening of inter-ministry collaboration; and (c) strengthening of multi-sectoral approaches, all through the provision of technical advisory services, training and the acquisition of equipment and supplies.

Part B: Civil Society Response and Community based Initiatives

1. Provision of Grants for Subprojects comprising, *inter alia*: (a) activities meeting the needs of specific target groups vulnerable to STIs/HIV/AIDS infection, and PLWHA and their families to, for example: (i) access information how to prevent infection by, or mitigate the effects of, STIs/HIV/AIDS, as the case may be; (ii) have access to home care for STI/HIVAIDS patients, (iii) have access to training programs in voluntary counseling and testing, and (iv) activities to mitigate the socio-economic impact of STIs/HIV/AIDS on affected individuals, families and communities, all through the provision of technical advisory services, training, workshops and the acquisition of equipment, and vehicles.

2. Supporting Implementing Agencies in, *inter alia*: (i) promoting, designing, managing and supervising of Subprojects carried out by Beneficiaries, and (ii) promotion of private sector enterprises to design and implement STIs/HIV/AIDS prevention, information and mitigation plans, all through the provision of technical advisory services, training, workshops and the acquisition of equipment.

3. Assisting CISLS to: (a) enter into Contracts with Implementing Agencies for the purpose of carrying out promotion, supervision and monitoring of Subprojects and other targeted interventions, (b) to prevent the occurrence of STIs/HIV/AIDS, or (c) mitigate its effects, through the provision of technical advisory services, training, workshops and the acquisition of equipment.

Part C: Capacity Building

Supporting CISLS in: (a) strengthening the planning, administrative and financial supervision capacity in Public Sector Executing Agencies and Implementing Agencies and among selected partners of civil society to implement STIs/HIV/AIDS prevention and care activities, Work Programs and Subprojects, including their monitoring and supervision, (b) facilitating decentralization of STIs/HIV/AIDS activities and their adaptation to local conditions, (c) evaluating the performance capacity of Executing Agencies, Implementing Agencies, Beneficiaries and selected partners in civil society to perform their respective obligations under Work Program Grant Agreements, Contracts, Subproject Agreements or other contracts, as the case may be, aimed at the carrying out of the Program or parts thereof, and (d) carrying out of beneficiary assessments, all through the provision of technical advisory services, training, workshops and the acquisition of equipment, and vehicles.

Part D: Coordination Monitoring and Evaluation

Support for CISLS in: (a) strengthening its capacity to initiate, facilitate and coordinate the carrying out of the Project, including financial, administrative and technical guidance, (b) carry out technical and financial audits, through the provision of technical advisory services, including the carrying out of technical and financial audits, training, workshops and the acquisition of equipment and vehicles.

* * *

The Project is expected to be completed by December 31, 2007.

SCHEDULE 3

Procurement

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Grants” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999, (the Guidelines) and the criteria set forth in the Bank’s Guidelines for Simplified Procurement and Disbursement for Community-Based Investments dated February 1998 (the Simplified Guidelines) and the following provisions of this Section.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works 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 and works 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 Recipient and works to be carried out by domestic contractors.

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 \$1,000,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

(a) Goods estimated to cost less than \$30,000 equivalent per contract, entered into by CLS/LS, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

(b) Goods estimated to cost less than \$20,000 equivalent per contract, entered into by a Line Ministry as part of its Work Program, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Direct Contracting

Reagents for HIV/AIDS estimated to cost less than \$50,000 equivalent per contract and costing \$300,000 equivalent or less in the aggregate, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

4. Procurement from UN Agencies

Office equipment, vehicles, reagents and drugs estimated to cost less than \$200,000 equivalent per contract and costing \$2,000,000 equivalent or less in the aggregate, may be procured from IAPSO, UNFPA, UNICEF or WHO, respectively in accordance with the provisions of paragraph 3.9 of the Guidelines.

5. Community Participation

Goods and works required for Part B of the Project shall be procured in accordance with procedures acceptable to the Association as set forth in the Simplified Guidelines

6. Procurement of Small Works

Works estimated to cost less than \$30,000 equivalent per contract, 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 work, 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 for Part B of this Schedule, the first three contracts under Part C.1 of this Schedule, and Part C 3 of this Schedule (direct contracting), the procedures set forth in paragraphs 2 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 D, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Recipients" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of this Section.

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, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provision shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph: the short list of consultants for services for estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 and footnote 8 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection based on Consultants Qualifications

Services estimated to cost less than \$50,000 equivalent per contract for research and targeted interventions, and for training estimated to cost more than \$50,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraph 3.7 of the Consultant Guidelines.

2. Single Source Selection

Services to be provided (a) under Part B of the Project which are estimated to cost less than \$5,000 equivalent per contract, up to an aggregate amount of \$200,000 equivalent, and (b) consultants for beneficiary assessments may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

3. Individual Consultants

Services of individual consultants satisfying the requirements of paragraph 5.1 of the Guidelines may be selected on a sole-source basis in accordance with the provisions of paragraph 5.3 and 5.4 of the Consultant Guidelines subject to prior approval of the Association.

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

1. Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Association for its review and approval prior to the issuance to consultants of any requests for proposals. Such plan shall be updated every 6 months during the execution of the Project, and each such updating shall be furnished to the Association for its review and approval. Selection of all consultants' services shall be

undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Association.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms for services estimated to cost the equivalent of \$100,000 or more per contract, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants to be selected on a sole source basis, or estimated to cost the equivalent of \$50,000 or more per contract, the report on the comparison of the qualifications and experience of candidates, 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. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

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

Section I: Annual and Midterm Reviews

1. The Recipient shall:

(a) carry out the Project in accordance with the Project Implementation Manual, and, except as the Association shall otherwise agree, shall not amend or waive any provision of the PIM if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof, and 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 5 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, about twelve months after Effectiveness and thereafter in twelve month intervals, until the Completion of the Project, a report (i) 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, incorporating the information furnished pursuant to the obligations set forth in Section 4.02 of this Agreement, and (ii) 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, six weeks following the transmission of the report referred to in subparagraph (b) of this paragraph 1, or such later date as the Association shall request, said report, (Annual Review). In said Annual Review the performance of partners contributing to the implementation of the Program will be reviewed, notably preservative promotion and consumption and ARV research. In the course of the first Annual Review, the PIM shall be updated as required.

2. The Recipient shall: (a) furnish to the Association for its review and approval, six weeks prior to the Annual Review, a draft annual work program and supporting draft budget, covering the next calendar year including the ongoing Work Programs and Subprojects, and, as appropriate, works, goods, and services within the Project which the Recipient wishes to be financed from the Grant during the said following calendar year and the estimated expenditures for the current calendar year;

(b) review and approve with the Association the documents referred to in subparagraph (a) of this paragraph, identify implementation issues and propose

appropriate solutions; and update Project timetables and performance indicators accordingly; and

(c) furnish to the Association the annual work program and budget referred to in subparagraph (a) of this paragraph, as such program and budget shall have been revised to the satisfaction of the Association in the course of the review referred to in subparagraph (b) of this paragraph; and except as the Association shall otherwise agree, carry out the Project in the year in question on the basis of the said work program and budget, as so revised.

3. Midterm Review

The Recipient shall, on a date following twenty-eight months after the Effective Date, or a later date agreed upon between the Recipient and the Association, carry out jointly with the Association, a Midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review).

(a) The Midterm Review shall cover, *inter alia*: (i) the agenda of the Annual Reviews, (ii) performance of Public Sector Executing Agencies under their respective Work Program Grant Agreements and Implementing Agencies under their respective Contracts, measured against disbursement performance under Categories 6 and 7 of the table under paragraph 1 of Schedule 1 to this Agreement, and the Project performance indicators pursuant to Schedule 6 to this Agreement, (iii) results of beneficiary assessments and (iv) general implementation performance under the Project.

(b) The Recipient shall, at least four weeks prior to the Midterm Review, furnish to the Association a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally, incorporating specific comments of CMS, CNLS, CRLS and CSRLS thereon, if any.

(c) The Recipient shall undertake all the necessary action to invite for discussion of the report referred to in paragraph (b) of this paragraph at the Midterm Review, all parties engaged in the implementation of the Project or parts thereof, and, not later than four weeks after the Midterm Review, prepare an action program, acceptable to the Association, for the further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program.

Section II: Institutional Framework

4. The Recipient shall:

(a) maintain CNLS as established under the Recipient's Decree No. 2002-113/PRN/MSP/LCE, dated May 7, 2002, at all times during the carrying out of the Project. CNLS shall be responsible for: approving policy and strategic orientations and Work Programs, ensuring a multisectoral approach and cooperation of all entities providing financial and/or technical assistance to the Program, as the case may be, and evaluating program performance and impact.

(b) maintain CISLS, chaired by the Prime Minister, in a form and with functions, key staffing and resources and all times during the carrying out of the Project to the satisfaction to the Association. Contractual staff shall comprise: (i) a financial controller, (ii) a chief accountant, (iii) an accountant and (iv) a procurement specialist, all of whom shall be appointed on terms and conditions acceptable to the Association, in accordance with the provisions of Section II of Schedule 3 to this Agreement.

CISLS shall maintain a financial and accounting system for the Project, satisfactory to the Association, and shall be responsible for: (i) the coordination of the strategic planning under and implementation of the Program and the overall technical oversight over the Project, (ii) serving as secretariat to CNLS; (iii) entering into, and supervising, Work Program Grant Agreements for Work Programs and Contracts for Subprojects; (iv) preparing and managing the Annual Reviews and the Midterm Review; (v) managing of the Special Accounts; (vi) preparing of consolidated financial statements of the Project; (vii) arranging random technical and financial audits of the carrying out of Work Programs and Subprojects, to be carried out by independent auditors selected and operating under terms of reference and conditions satisfactory to the Association; and (viii) all other financial and performance reporting functions required under the Project.

5. maintain CRLS and CSRLS, respectively, until the Completion Date, chaired by the respective Préfet or Sous-Préfet, as the case may be, carrying out the rights and obligations of CNLS at the regional and sub-regional level, in a form and with functions, key staffing and resources and all times to the satisfaction to the Association. Key staff shall comprise: (i) a manager and (ii) an accountant, both appointed on terms and conditions satisfactory to the Association.

6. maintain CMS during the carrying out of the Project to the satisfaction to the Association.

7. maintain a coordination office to liason with CNLS in MSP.

Section III: Eligibility Criteria for Work Programs and Terms and Conditions for Work Program Grant Agreements

8. Work Programs shall be for activities related to STIs/HIV/AIDS prevention, support and reduction of the socio-economic impact, undertaken by Public Sector Executing Agencies and MSP as set forth in Part A of the Project in accordance with the eligibility criteria, procedures and guidelines set forth in the PIM.

9. The Recipient undertakes that, unless the Association shall otherwise agree, Work Programs shall be elaborated, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the PIM and the following paragraphs.

10. CISLS and each Public Sector Executing Agency shall enter into a Work Program Grant Agreement in respect to each Work Program, under terms and conditions set forth or referred to in the PIM and which shall include, *inter alia*, the following:

(a) the obligation of the Public Sector Executing Agency: (i) to carry out the Work Program with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards; and (ii) to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Work Program;

(b) the requirement that the goods, works and services to be financed from the proceeds of the Grant shall be: (i) procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement; and (ii) used exclusively in the carrying out of the respective Work Program; and

(c) the covenant that Recipient reserves the right to:

(i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, small works, sites, and plants included in the Work Program, the operations thereof and any relevant records and documents;

(ii) obtain all information as the Recipient or the Association shall reasonably request regarding the administration, operation and financial conditions of the Public Sector Executing Agency; and

(iii) suspend or terminate the right of any Executing Agency to use the proceeds of the Grant by the Public Sector Executing Agency to perform any of its obligations under the Work Program Grant Agreement.

Section IV: Eligibility Criteria for Subprojects and Terms and Conditions for Contracts and Subproject Grants

11. Subprojects shall be activities related to STIs/HIV/AIDS National Strategic Framework, carried out by and for Beneficiaries in accordance with the eligibility criteria, procedures and guidelines set forth in the PIM.

12. The Recipient undertakes that, unless the Association shall otherwise agree, Subprojects shall be elaborated, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the PIM.

13. The Recipient shall, through CISLS, enter into Contracts with Implementing Agencies, under terms and conditions satisfactory to the Association, which shall include the following:

(a) the obligation of Implementing Agencies: (i) to carry out the obligations under the Contract with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards; and (ii) to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the activities to be undertaken;

(b) the obligation of Implementing Agencies to enter into Subproject Grant Agreements with Beneficiaries: (i) to carry out Subprojects with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards; and (ii) to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Subproject; such Subproject Grant Agreements shall comply with the conditions set forth in the PIM, which shall comprise, *inter alia*:

(i) the requirement that the goods, works and services to be financed from the proceeds of the Subproject Grant shall: (A) be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement; and (B) be used exclusively in the carrying out of the Subproject; and

(ii) that the Recipient reserving the right to:

(A) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, small works, sites and plants included in the Subproject, the operations thereof and any relevant records and documents;

(B) obtain all information as the Recipient or the Association shall reasonably request regarding the administration, operation and financial conditions of Beneficiaries; and

- (C) suspend or terminate the right of the Beneficiary to use the proceeds of the Subproject Grant upon the failure by the Beneficiary to perform any of its obligations under the Subproject Grant Agreement.

Section V: Disbursements under Work Program Grant Agreements for Work Programs with Public Sector Executing Agencies and Contracts for Subprojects with Implementing Agencies

14. Without limitation upon the provisions of Section 4.01 of this Agreement and the Recipient's progress reporting obligations set forth in paragraph 1 of Schedule 4 to this Agreement, and the provisions set forth in Schedule 1 and 5 to this Agreement, the Recipient shall, for purposes of disbursement of funds from the Special Accounts A and B, respectively, under Categories (6) and (7), respectively, of the table set forth under paragraph 1 of Schedule 1 to this Agreement, cause Public Sector Executing Agencies and Implementing Agencies, respectively, to furnish quarterly reports, in form and substance satisfactory to the Association, to CISLS, for the purpose of continued financing of the carrying out of Work Programs out of the Special Accounts.

Section VI: Individual Covenants

15. The Recipient shall:

- (a) undertake at the time of the Midterm Review beneficiary assessment and three months prior to the Completion Date another beneficiary assessment as referred to in Part C of the Project,
- (b) review the performance of each Public Sector Executing Agency and Implementing Agency at the end of its Work Program and Contract, respectively, taking the results of the respective technical and financial audits into account, and
- (c) establish, within 14 months following Effective date, or at such later date as the Association shall agree upon, the WHO recommended measures and procedures for the implementation of an ARV service program.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

- (a) the term "eligible Categories" means:

- (i) in respect of Special Account A, Categories (1), (2), (3), (4), (5), (6) and (8) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, and
 - (ii) in respect of Special Account B, Category (7) 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 Project and to be financed out of the proceeds of the Grant 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:
- (i) in respect to Special Account A, an amount of FCFA 950,000,000 to be withdrawn from the Grant Account and deposited into such 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 of FCFA 475,000,000 until the aggregate amount of withdrawals from the Grant Account allocated to said Special Account, Eligible Expenditures plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect to amounts allocated to said Categories shall be equal to or exceed the equivalent of four million SDR (SDR 4,000,000); and
 - (ii) in respect of the Special Account B an amount of FCFA 560,000,000 to be withdrawn from the Grant Account and deposited into such 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 of FCFA 280,000,000 until the aggregate amount of withdrawals from the Grant Account allocated to said Special Account, Eligible Expenditures plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect to amounts allocated to said Categories shall be equal to or exceed the equivalent of two million SDR (SDR 2,000,000).
2. Payments out of the Special Accounts shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Association a request or requests for deposit into the respective Special Account of an amount or amounts, which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the respective Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the respective Special Account, the Recipient shall furnish to the Association requests for deposits into the respective Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Recipient 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 Recipient, withdraw from the Grant Account and deposit into the respective Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Grant 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 Recipient out of the respective Special Account, the Recipient 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 any Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Recipient directly from the Grant 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 Recipient shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

(c) if, at any time, the Association shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Grant allocated to the eligible Categories for the respective Special Account, 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 Eligible Categories for said Special Account, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Grant Account of the remaining unwithdrawn amount of the Grant allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Recipient shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the respective Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into any Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Recipient may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be granted to the Grant Account for subsequent withdrawal or for

cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 6

Key Performance Indicators

	Effectiveness	Midterm	Closing Date
Percentage of men aged 15-49 years who have utilized a condom during their most recent sexual encounter outside marriage	14 % (EDS 98)	20%	30%
Percentage of women aged 15-24 years who have utilized a condom during their most recent sexual encounter outside marriage	< 2% (EDS 98)	8 %	20%
HIV prevalence rate among adults aged 15-49 years	0.87	0.87	0.87
HIV prevalence rates among the following groups:			
young girls (15 - 19) in rural areas	0.2%	0.2%	0.2%
young boys (15 - 19) in urban areas	0.4%	0.4%	0.4%
military/other uniformed personnel	3.8%	3.8%	3.8%
Teachers	1.4%	1.4%	1.4%
Drivers	1.7%	1.7%	1.7%
Prisoners	2.8%	2.8%	2.8%
Prostitutes	25.4%	25.4%	25.4%
miners	*	*	*
migrant workers	4.4%	4.4%	4.4%
Reduction (in %) in syphilis rates among the following groups: *			
young girls (15 - 19)	0%	15%	30%
young boys (15 - 19)	0%	15%	30%
military/other uniformed personnel	0%	20%	50%
Teachers	0%	10%	20%
Drivers	0%	20%	50%
Prisoners	0%	20%	50%
Prostitutes	0%	20%	50%
Miners	0%	10%	20%
migrant workers	0%	15%	30%

Footnote:

Surveys at Midterm and Closing will use the methodologies employed for the collection of the baseline data.

(*): Baseline being established by survey commissioned by the CIS/LS.