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**GRANT NUMBER H598-TD**

# **Financing Agreement**

**(Additional Financing for the Second Population and AIDS Project)**

**between**

**REPUBLIC OF CHAD**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated August 25, 2010**

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**GRANT NUMBER H598-TD**

**FINANCING AGREEMENT**

Agreement dated August 25, 2010, entered into between REPUBLIC OF CHAD (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions, in the Appendix to this Agreement or in the Original Financing Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to thirteen million three hundred thousand Special Drawing Rights (SDR 13,300,000) (“Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are June 15 and December 15 in each year.
- 2.05. The Payment Currency is the Euro.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project, and, to this end, shall carry out the Project through MEP, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient

shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consists of the following: that a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has installed a financial management system for the Project satisfactory to the Association, and
  - (b) The Recipient has recruited a procurement specialist within the PCT under terms of reference and conditions acceptable to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is the Minister of the Recipient at the time responsible for economic promotion and development.
- 6.02. The Recipient's Address is:

Ministry of Economy and Plan  
B.P. 286  
N'Djamena  
Republic of Chad

Telex:	Facsimile:
5329 KD	235-251-51-85 235-252-00-87

6.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at N'Djamena, Chad, as of the day and year first above written.

**REPUBLIC OF CHAD**

**By //s// Mahamat Ali Hassan**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By //s// Jean-Claude Brou**

**Authorized Representative**

## SCHEDULE 1

### Project Description

The objective of the Project is to assist the Recipient to contribute in changing the behavior of its population, in order to reduce the risk of infection from HIV and to have too closely spaced and/or unwanted pregnancies.

The Project consists of the following parts:

**Part A:**            **Strengthening the Capacities of the MOPH, Ministry of National Education, Ministry of Defense and Interior, and Ministry of Public Security**

1.        Strengthening the technical capacities of the decentralized HIV/AIDS units of the Ministry of National Education, Ministry of Defense, Ministry of Interior and of Public Security at the regional level through the provision of technical advisory services and training.

2.        Strengthening the capacities of MOPH through the provision of training and technical advisory services, and the acquisition of equipment and Medical Products for the following units of MOPH: the Sector Program for AIDS/STI Control, and the Psycho-Medico-Social Center.

**Part B:**            **Strengthening of FOSAP**

1.        Provision of FOSAP Grants to selected NGOs and public sector entities with respect to activities that support the Recipient's population and AIDS control programs, including, *inter alia*:

- (a)       the financing of activities that will assist in: (i) promoting and distributing condoms; (ii) carrying out target information, education and communication activities for behavior change in the areas of population, reproductive health, and STI/HIV/AIDS prevention and care; (iii) providing psycho-medical-social support for people living with HIV/AIDS; (iv) providing economic and legal support for HIV infected and affected persons; (v) providing support and care for HIV/AIDS orphans; (vi) promoting voluntary HIV counseling and testing in the general population and in at risk and/or vulnerable groups; (vii) promoting the access to voluntary counseling and testing as well as mitigation of mother to child transmission of HIV; and (viii) promoting modern methods of contraception;

- (b) the financing of the technical advisory services and supervision services to be provided by selected NGOs (“Selected NGOs”) to the beneficiaries of the FOSAP Grants.

2. Strengthening the capacity of FOSAP through the provision of Operating Costs, technical advisory services and training, and the acquisition of office equipment, medical supplies and vehicles.

**Part C: Support to a pilot Performance-Based Approach to improving Maternal and Child Health Outcomes**

1. Provision of Health Services Packages, principally to pregnant women and children under five, through the provision of Performance-Based Payments to eligible Health Centers in Targeted Areas.

2. Payment of the management fee of the PB NGO.

3. Strengthening MEP’s, MOPH’s and PCT’s capacity to supervise and measure impact of performance-based activities in Targeted Areas, through: (i) the provision of technical advisory services and training; and (ii) the acquisition of equipment and medical supplies.

4. Establishment of external controls in relation to the provision of Health Services Packages, including the carrying out of third-party verifications thereof.

**Part D: Support to the Implementation of the National Population Policy**

Strengthening MEP’s and MOPH’s capacity to implement population and reproductive health activities in Targeted Areas in accordance with the PNP, through: (i) the provision of technical advisory services and training; and (ii) the acquisition of equipment.

**Part E: Support to Project Management and Monitoring and Evaluation**

1. Support to PCT through the provision of technical advisory services, the financing of Operating Costs and training, and the acquisition of vehicles, office equipment and furniture.

2. Strengthening monitoring and evaluation through the carrying out of studies and surveys, the provision of technical advisory services and training, and the acquisition of equipment.

3. Carrying out of the third national consumption household survey through the provision of technical advisory services and training, and the acquisition of materials.

4. Strengthening medical waste management capacity through the provision of technical advisory services and training, and the acquisition of medical materials.

5. Carrying out financial audits of the PCT, PB NGO and FOSAP, through the provision of technical advisory services.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

##### **1. Steering Committee, FOSAP Committee and PCT**

During the execution of the Project, the Recipient shall cause: (i) the Steering Committee and the FOSAP Committee to each meet quarterly; (ii) PCT and FOSAP to prepare for the Steering Committee and the FOSAP Committee, respectively, not later than two weeks before such meetings, a report on the progress during the preceding quarter of the respective parts of the Project for which they are responsible; and (iii) PCT to be responsible for the financial management and procurement aspects of the Project.

##### **2. The Recipient shall ensure that, at all times during the execution of the Project:**

- (a) the Steering Committee shall oversee the overall planning, implementation and supervision of the Project, the FOSAP Committee shall oversee the overall planning, implementation and supervision activities of the FOSAP, and PCT shall be responsible for the day to day coordination of the Project;
- (b) the qualifications, experience and performance of the staff within MEP, MOPH, PCT and FOSAP, in charge directly or indirectly of the implementation of any activities of the Project, shall be satisfactory to the Association;
- (c) PCT and FOSAP shall be maintained with functions and staffing satisfactory to the Association, including, without limitation: (i) in the case of FOSAP, a management unit with the following staff: an administrator, a monitoring and evaluation specialist, two program officers, an assistant administrator, and an accountant; and (ii) in the case of PCT, the following staff: a project coordinator, an administrator, a procurement specialist, a monitoring and evaluation officer, two internal auditors, an accountant and a program officer in charge of Part C of the Project;
- (d) the HIV/AIDS units within each of the MOPH and the Ministry of National Education, Ministry of Defense, and Ministry of Interior and Public Security shall be maintained with functions, composition and staff

with qualifications, experience and performance satisfactory to the Association;

- (e) the Steering Committee and the FOSAP Committee shall be maintained with functions, composition and members with qualifications, experience, availability and performance satisfactory to the Association, including, without limitation: (i) in the case of the Steering Committee: the *Secrétaire Générale* of the MEP who shall be the chair, the *Secrétaire Générale* of the MOPH who shall act as vice-president, one representative for MEP, two representatives for MOPH, one representative for each of the key ministries, a representative of CNLS and four representatives for NGOs and civil society; the Project coordinator will act as secretariat of the Steering Committee; and (ii) in the case of the FOSAP Committee: the *Secrétaire Générale* of the MEP who shall be the chair, one representative for MEP, two representatives for MOPH, one representative for each of the Key Ministries, and Project coordinator and four representatives for NGOs and civil society; and
- (f) the relevant Ministries, agencies and authorities shall collaborate with PCT, FOSAP, and the Population Division in compliance with the provisions of the Project Implementation Manual, and the FOSAP Grant Procedures Manual, in particular with respect to the appointment of staff whose experience, position and performance are satisfactory to the Association, and who shall assist PCT, FOSAP, and the Population Division in ensuring proper implementation of the Project.

### 3. Annual Consultations

The Recipient shall cause FOSAP to organize annual regional workshops to establish annual priorities for HIV/AIDS in conformity with the provisions of the Project Implementation Manual, and the FOSAP Grant Procedures Manual.

#### **B. Anti-Corruption**

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

#### **C. Sub-projects**

- (a) FOSAP Grants
  - (i) FOSAP Grants (“FOSAP Subproject Grants”) shall be made to NGOs and public sector entities meeting eligibility criteria mentioned in the FOSAP Grant Procedures Manual, to finance Subprojects in the areas of HIV/AIDS and population;

- (ii) FOSAP Grants (“FOSAP TA Grants”) shall be made to Selected NGOs providing technical assistance and supervision to the beneficiaries of the FOSAP Grants pursuant to paragraph (a) (i) above, selected by FOSAP in collaboration with the FOSAP Committee, in accordance with eligibility criteria mentioned in the FOSAP Grant Procedures Manual, which shall take into account, *inter alia*, the prior experience of the relevant Selected NGO, its success in implementing multi-sectoral projects, and its geographical location;
- (iii) FOSAP Subproject Grants shall not exceed an amount equal to 80% of the total Subproject cost; and
- (iv) FOSAP Beneficiaries shall be required to enter into a subproject agreement (“Subproject Agreement”), on terms and conditions acceptable to the Association, with FOSAP, setting forth their respective obligations thereunder, including the obligation of FOSAP to make FOSAP Grant funds available in a timely manner, as well as the right of FOSAP:
  - (A) in the case of FOSAP TA Grants, to require that the Beneficiaries: (1) supervise the implementation of the Subprojects in accordance with the FOSAP Grant Procedures Manual; and (2) provide guidance to other applicants for FOSAP Grants regarding the preparation, implementation, and evaluation of their potential Subprojects and provide all information as FOSAP and the Association shall reasonably request regarding the administration, operations and financial conditions of the relevant Subproject;
  - (B) require Beneficiaries to carry out the technical assistance or Subproject activities in accordance with the FOSAP Grant Procedures Manual;
  - (C) inspect, by itself or jointly with the Association, if the Association shall so request, the technical assistance or Subproject activities, as the case may be, and any relevant records and documents;
  - (D) require Beneficiaries to: (1) carry out the technical assistance or Subproject activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the

Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; and (2) use the FOSAP Grant funds exclusively for the carrying out of the technical assistance or Subproject activities;

- (E) suspend or terminate the right of the Beneficiaries to benefit from the FOSAP Grants upon failure by such Beneficiaries to comply with any of their obligations under their Subproject Agreement; and
- (F) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the technical assistance or Subproject activities; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association.

#### **D. Performance-based Payments to Eligible Health Centers**

1. The Recipient shall, not later than 12 months after the Effective Date, submit to the Association for review and approval: (i) a satisfactory implementation plan (the "PB Plan") outlining the work plan and budget for the first 12 months of implementation of Part C.1 of the Project, and (ii) a satisfactory operational manual (the "PB Manual"), outlining implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements for purposes of implementation of results-based financing in the health sector under Part C.1 of the Project, as well as a detailed assessment of the estimated unit costs of the Health Services Packages to be provided by the Eligible Health Centers.

2. The Recipient (through the PCT) shall make Performance-Based Payments to Eligible Health Centers under Part C.1 of the Project in accordance with eligibility criteria and procedures acceptable to the Association, which shall include the following:

- (a) a pre-screening by the PB NGO of the eligibility of the Health Centers included in the PB Plan, having regard to eligibility criteria and

procedures acceptable to the Association, which shall be specified in the PB Manual and shall include the following:

- (i) The proposed Health Center must satisfy technical and financial capacity standards as assessed by the PB NGO;
  - (ii) the proposed Health Center is a public or non-profit health service provider carrying out Health Services Packages;
  - (iii) the proposed Health Services Package satisfies the requirements of Part C.1 of the Project as described in further detail in the PB Manual;
  - (iv) the proposed Health Services Package is consistent with the relevant sectoral, environmental, and social standards and policies (including the Medical Waste Management Plan); and
  - (v) the proposed Health Center has put in place all necessary arrangements, including financial and human resources, for the management of the proposed Health Services Package.
- (b) a review by the PB NGO, prior to any Performance-Based Payment to a specific Eligible Health Center, of the performance of such Eligible Health Center, having regard to the performance targets set out in the PB Manual and the Sub-agreement with such Eligible Health Center .

3. The Recipient shall make Performance-Based Payments to Eligible Health Centers pursuant to an agreement with such Eligible Health Center on terms and conditions acceptable by the Association (the “Sub-agreement”), which shall include the following:

- (a) The Performance-Based Payments shall be on a grant basis.
- (b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:
  - (i) suspend or terminate the right of the Eligible Health Center to use the proceeds of the Performance-Based Payments, or to obtain a refund of all or any part of the amount of the Performance-Based Payment then withdrawn, upon the Eligible Health Center’s failure to perform any of its obligations under the Sub-agreement, including, without limitation, the obligation to use the proceeds of such Performance-Based Payments solely for the financing of goods, services and Operating Costs; and

- (ii) require each Eligible Health Center to: (A) carry out its activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods and services to be financed out of the Performance-Based Payments in accordance with procedures ensuring efficiency and economy; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of its performance and the achievement of its objectives; (E) (1) maintain adequate records to reflect, in accordance with sound accounting standards acceptable to the Association, the resources, operations, and expenditures relating to the Performance-Based Payments; and (2) at the Association's or the Recipient's request, have such records audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the records as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the performance of such Eligible Health Center, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

4. The Recipient (through the PB NGO) shall exercise its rights under each Sub-agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-agreement or any of its provisions.

#### **E. External Controls**

1. The Recipient shall appoint external auditors, with qualifications, experience, and terms of reference satisfactory to the Association, for purposes of the third-party verification of Health Services Packages to be carried out under Part C.1 of the Project.

2. The Recipient shall cause said auditors to carry out, throughout Project implementation, quarterly verifications of provided Health Services Packages, including community and focus group surveys, beneficiary spot checks, verification of data provided and records kept by beneficiaries in relation to Health Services Packages, and

assessments of the quality of health services provided under such activities, in accordance with the provisions of the BP Manual and the BP Plan.

**F. Safeguards**

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Medical Waste Management Plan, and the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. In the event of any conflict between the provisions of the MWMP and those of this Agreement, the latter shall prevail.

3. Without limitation upon its other reporting obligations under Section II.A.1 of this Schedule, the Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Report, information on the status of compliance with the Medical Waste Management Plan, giving details of:

- (a) measures taken in furtherance of said Plan;
- (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said Plan; and
- (c) remedial measures taken or required to be taken to address such conditions.

4. The MOPH shall be responsible for the implementation and monitoring and evaluation of said Plan.

**G. Manuals**

Except as the Association shall otherwise agree, the Recipient shall carry out the Project in accordance with the criteria, policies, procedures and arrangements set out in the Project Implementation Manual, the FOSAP Grant Procedures Manual, the FOSAP Administrative Manual, the Monitoring and Evaluation Plan, the PB Plan and the PB Manual, and shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof. In the event of any inconsistency between this Agreement, on the one hand, and Project Implementation Manual, the FOSAP Grant Procedures Manual, the Monitoring and Evaluation Plan, the PB Plan or the PB Manual, on the other hand, the provisions of this Agreement shall prevail.

**Section II. Project Monitoring, Reporting and Evaluation****A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and the Original Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in the



Project Implementation Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

**B. Financial Management, Financial Reports and Audits**

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

2. (a) The Recipient shall cause the management of PCT and FOSAP to maintain a financial management systems, including records and accounts, and prepare financial statements, all in accordance with accounting standards acceptable to the Association, consistently applied, adequate to reflect its operations and financial condition.

(b) The Recipient shall cause the management of PCT and FOSAP to:

(i) ensure that the records, accounts and financial statements of PCT and FOSAP (balance sheets, statements of income and expenses and related statements) for each fiscal year, be provided to independent auditors acceptable to the Association in view of their audit, in accordance with auditing standards acceptable to the Association, consistently applied;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each fiscal year: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such fiscal year as so audited; and (B) an opinion on such statements and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

3. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, separate interim unaudited financial reports for PCT and FOSAP covering the quarter, in form and substance satisfactory to the Association.

4. The Recipient shall have the Financial Statements of PCT and FOSAP separately audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods.** All goods required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods**

1. **International Competitive Bidding.** Goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>	
(a)	National Competitive Bidding
(b)	Shopping
(c)	Single Source Selection
(d)	Procurement from UN agencies

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

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>	
(a)	Least-Cost Selection
(b)	Selection Based on Consultant Qualifications
(c)	Single Source Selection
(d)	Individual Consultants

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

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

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Goods, services, (including audits), Training and Operating Costs	9,150,000	100%
(2) FOSAP Grants	2,150,000	100% of amounts disbursed
(3) Performance-Based Payments under Part C.1 of the Project	2,000,000	100% of amounts disbursed
<hr/>		
TOTAL	13,300,000	
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3. For the purposes of this Section:
- (a) the term “Operating Costs” means the reasonable and necessary incremental expenses, as approved by the Association on the basis of budgets acceptable to the Association, incurred on account of Project implementation, management, monitoring and reporting, including office supplies, vehicles operation and maintenance, communication and insurance costs, rental expenses, office administration costs, utilities, banking charges, equipment maintenance, transport, local *per diem* for supervision and supervision costs, but excluding salaries of officials of the Recipient’s civil service; and
  - (b) the term “Training” means training activities to be carried out under the Project, including the reasonable and necessary travel and visa expenses incurred by participants in training workshops and study tours, as well as lodging, subsistence and *per diem* allowances, registration, tuition fees, minor organizational expenses (including costs of stationery, handouts and training materials), and other expenditures directly relating to the training workshop and study tour activity, as may be agreed with the Association.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for
  - (a) expenditures prior to the date of this Agreement;
  - (b) expenditures under Category (2) unless, in the case of individual FOSAP Grants, the FOSAP Grant has been made in accordance with the criteria, procedures and terms and conditions set forth or referred to in Section I.C of Schedule 2 to this Agreement; and
  - (c) expenditures under Category (3) unless:
    - (i) the Recipient has recruited the PB NGO pursuant to terms and conditions satisfactory to the Association and in accordance with the terms of Section III of Schedule 2 of this Agreement;
    - (ii) the Recipient has adopted the PB Plan and PB Manual pursuant to the terms of Section I.D.1 of Schedule 2 to this Agreement;
    - (iii) the Recipient has appointed the external consultants referred to in Section I.E.1 of this Schedule; and
    - (iv) In the case of individual Performance-Based Payments the Sub-agreement has been entered into in accordance with the criteria, procedures and terms and conditions set forth or referred to in Section I.D of Schedule 2 to this Agreement.
2. The Closing Date for the Project is June 30, 2012.

## APPENDIX

### Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section III of this Appendix.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “CNLS” means *Comité National de Lutte contre le SIDA*, the Recipient’s national committee for the fight against AIDS.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
5. “Eligible Health Centers” means a Health Center determined to be eligible pursuant to the procedures and criteria referenced in Section I.D of Schedule 2 to this Agreement.
6. “FOSAP” means the *Fonds de Soutien aux Activités en Matière de Population et de lutte Contre le SIDA*, governed by the FOSAP Decree (as hereinafter defined) and responsible for the implementation of Part B of the Project.
7. “FOSAP Administrative Manual” means the manual outlining, *inter alia*, criteria, procedures and guidelines for the administration of FOSAP referred to in Section I.G of Schedule 2 to this Agreement, as the same may be amended from time to time, and such term includes any schedules to the FOSAP Administrative Manual.
8. “FOSAP Beneficiary” or “Beneficiary” means an NGO, public sector entity or Selected NGO, as the case may be, benefitting from a FOSAP Grant.
9. “FOSAP Committee” means *Comité de Direction du FOSAP*, the committee established by the Recipient referenced in Section I.A. of Schedule 2 of this Agreement.
10. “FOSAP Decree” means the Recipient’s Decree No. 139/PR/MPAT/98 dated June 1, 1998, amending Decree No. 250/PR/MPC/94 creating FOSAP.
11. “FOSAP Grant” means a FOSAP Subproject Grant or a FOSAP TA Grant, as applicable.

12. “FOSAP Grant Procedures Manual” means the manual outlining, *inter alia*, criteria, procedures and guidelines for the preparation, appraisal, selection, administration and supervision of Subprojects to be financed through FOSAP Grants referred to in Section I.G of Schedule 2 to this Agreement, and updated as of August 2007, as the same may be amended from time to time, and such term includes any schedules to the FOSAP Grant Procedures Manual.
13. “FOSAP Subproject Grant” means a grant made, or proposed to be made to a FOSAP Beneficiary other than a Selected NGO, by FOSAP to finance a Subproject (as hereinafter defined) under Part B.1 of the Project.
14. “FOSAP TA Grant” means a grant made, or proposed to be made to a Selected NGO, by FOSAP to finance a Subproject (as hereinafter defined) under Part B.1 of the Project.
15. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
16. “Health Center” means a health center, district or regional hospital located in the territory of the Recipient.
17. “Health Services Packages” means the Recipient’s package of health services, referred to under Part C.1 of the Project and detailed in the PB Manual and, PB Plan comprising preventive and curative services, including basic health services for pregnant women, and care for children under the age of five.
18. “HIV/AIDS” means Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome.
19. “Medical Products” means essential drugs (with the exception of anti-viral tri-therapy) and packaging, condoms, oral contraceptives, impregnated bed nets, oral rehydration salts, HIV tests, reagents, medical supplies and small medical equipment.
20. “Medical Waste Management Plan” or “MWMP” means the Recipient’s plan, dated July 29, 2007 agreed with the Association and setting out the measures to be taken for the development and implementation of medical waste management and safe handling of said waste, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to said Plan.
21. “MEP” means the Recipient’s Ministry in charge of economy and planning.

22. “Ministry of Defense and Interior” means the Recipient’s Ministry in charge of defense.
23. “Ministry of National Education”, means the Recipient’s Ministry in charge of education.
24. “Ministry of Public Security” means the Recipient’s Ministry in charge of security.
25. “Monitoring and Evaluation Plan” means the plan adopted pursuant to the Original Financing Agreement, outlining the monitoring and evaluation arrangements for the Project referenced in Section I.G of Schedule 2 to this Agreement.
26. “MOPH” means the Recipient’s Ministry in charge of public health.
27. “NGO” means a non-governmental organization established and operating under the laws of the Recipient.
28. “Original Financing Agreement” means the development credit agreement for a Second Population and AIDS Project between the Recipient and the Association, dated September 12, 2001 as amended to the date of this Agreement (Credit No. 3548-CD).
29. “Original Project” means the Project described in the Original Financing Agreement.
30. “PB Manual” means the performance-based manual adopted pursuant to Section I.D.1 of Schedule 2 to this Agreement, and such term includes any schedules to said Manual.
31. “PB NGO” means the NGO recruited by the Recipient to oversee implementation of Part C of the Project, provide technical assistance, assess the capacity of health facilities, calculate the unit cost of the services, contract with health centers, and verify achievement of results in accordance with the terms of the PB Manual.
32. “PB Plan” means the action plan adopted pursuant to Section I.D.1 of Schedule 2 to this Agreement.
33. “PCT” means the Project Coordination Team located at MEP.
34. “Performance-Based Payment” means a payment made or proposed to be made out of the proceeds of the Financing by the PB NGO to an Eligible Health Center in accordance with Section I.D. of Schedule 2 of this Agreement to finance the provision of the Health Services Packages.



35. “PNP” means the Recipient’s Population Policy dated 2007.
36. “Population Division” means the Population Division within the Directorate General of Economy and Planning at MEP established by the Recipient, *inter alia*, to assist the Recipient to implement the Recipient’s revised National Population Policy dated June 22, 2007.
37. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.
38. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 12, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
39. “Program” means the strategy set out in the letter dated June 8, 2001 from the Recipient, describing a set of actions, objectives and policies designed to fight the HIV/AIDS epidemic and prevent unwanted pregnancies.
40. “Project Implementation Manual” means the manual outlining, *inter alia*, the administrative, financial, accounting, disbursement and procurement arrangements, and work plans for the implementation of the Project, referred to in Section I.G of Schedule 2 of this Agreement and updated as of August 2007, as the same may be amended from time to time, and such term includes any schedules to the Project Implementation Manual.
41. “Selected NGOs” means specific NGOs selected by FOSAP (*projets dynamisateurs*) which will provide technical assistance and supervision services to the beneficiaries of the FOSAP Grants under Part B.1(b) of the Project.
42. “Steering Committee” means the committee established by the Recipient, referenced in Section I.A.1 of Schedule 2 of this Agreement.
43. “STI” means Sexually Transmitted Infections.
44. “Sub-agreement” means an agreement between the Recipient and an Eligible Health Center, setting forth the terms and conditions governing Performance-Based Payments.
45. “Subproject” means a specific activity financed, or proposed to be financed through a FOSAP Grant under Part B.1 of the Project.
46. “Subproject Agreement” means an agreement between the Recipient and a FOSAP Beneficiary, setting forth the terms and conditions governing FOSAP Grants.

47. “Targeted Areas” means the following regions of the Recipient: Guéra and Tandjilé.

**Section II. Modifications to the General Conditions**

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (1) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

### **Section III. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”