

**CONFORMED COPY**

**CREDIT NUMBER 3601 SE**

# **Development Credit Agreement**

**(HIV/AIDS Prevention and Control Project)**

**between**

**REPUBLIC OF SENEGAL**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated March 1, 2002**

**CREDIT NUMBER 3601 SE**

## **DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated March 1, 2002, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received from the Borrower the following policy documents, namely, the *Plan Multisectoriel de Lutte contre le SIDA* or PMLS, the multisector strategic plan against HIV/AIDS for the period 2002-2006, and *l'Initiative Sénégalaise pour l'accès aux AntiRétroviraux* or ISAARV, the Senegal Initiative for the Introduction of Antiretroviral Therapy (collectively, the Program) describing therein the Borrower's program of actions, objectives and policies designed to prevent and control the expansion of HIV/AIDS epidemic and declaring the Borrower's commitment to the execution of the Program;

(C) the Project is part of the second phase of the Multi-Country AIDS Program (MAP II) for the Africa Region, approved by the Board of Executive Directors of the Association on February 7, 2002; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

### **ARTICLE I**

#### **General Conditions; Definitions**

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly renumbered as paragraphs (13) through (15):

"12. 'Participating Country' means any country that the Association determines meets the requirements set forth in Section 11 of Resolution No. 194 of the Board of Governors of the Association, adopted on April 8, 1999; and 'Participating Countries' means, collectively, all such countries." ; and

(b) The second sentence of Section 5.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, no

“Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.”

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

(a) “Beneficiary Community” means a community of people living in the Borrower’s territory, including target groups under the Project, namely, in-or-out of school youths; women; commercial sex workers; PLWHA (as hereinafter defined), people with signs and symptoms of STIs (as hereinafter defined), workers, armed forces, migrants, and health workers, and for the benefit of whom HIV/AIDS (as hereinafter defined) prevention, treatment, care and support activities are being carried out either under a Work Plan (as hereinafter defined) or a Subproject (as hereinafter defined);

(b) “CBO” means a community based organization, established and operating pursuant to the laws of the Borrower;

(c) “*Conseil National de lutte contre le Sida*” and “CNLS” mean the Borrower’s national HIV/AIDS council, to be established under the Project;

(d) “Eligible Categories” means categories (1), (2), (3), (4), (5) and (6) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(e) “Eligible Expenditures” means the expenditures for goods and services referred to in Section 2.02 (a) of this Agreement and to be financed out of the proceeds of the Credit;

(f) “Executing Agencies” means collectively, relevant government agencies and Line Ministries (as hereinafter defined) of the Borrower which meet the eligibility criteria set forth in the POM (as hereinafter defined) for the implementation of the Project;

(g) “FCFA” means *Franc de la Communauté Financière d’Afrique*, the currency of the Borrower;

(h) “Financial Management Agent” and “FMA” mean a private financial institution, accounting or audit firm, or private sector entity which has met the eligibility criteria set out in the POM (as hereinafter defined) and which is responsible for the management of the proceeds of the Credit under the Project;

(i) “Financial Management Agency Contract” means the Agreement entered into between NES (as hereinafter defined) and the Financial Management Agent for the purpose of carrying out the financial management of the Project and the internal audits thereof, as the same may be amended from time to time with the Association prior written consent;

(j) “Fiscal Year” and “FY” mean the fiscal year of the Borrower commencing

- (j) “Fiscal Year” and “FY” mean the fiscal year of the Borrower commencing January 1 and ending December 31;
- (k) “Grant” means collectively a Public Sector Grant (as hereinafter defined) and a Private Sector Grant (as hereinafter defined);
- (l) “Grant Agreement” means the agreement to be entered into between NES (as hereinafter defined) and an Implementing Agency (as hereinafter defined) for the purpose of financing the carrying out of a Subproject (as hereinafter defined);
- (m) “HIV/AIDS” means Human Immuno-Deficiency Virus/Acquired Immune Deficiency Syndrome;
- (n) “HIV/AIDS Committee” means either a regional or departmental committee of the Borrower, established for the purpose of carrying out some of the functions of NES (as hereinafter defined) at their respective level;
- (o) “IAPSO” means the Inter Agency Procurement Office of the United Nations;
- (p) “IEC” means Information, Education and Communication;
- (q) “Implementing Agencies” means collectively NGOs (as hereinafter defined), CBOs, associations, religious organizations, the private sector, and civil society groups and organizations which meet the eligibility criteria set forth in the POM (as hereinafter defined) for the implementation of the Project;
- (r) “Deposit” means the amount to be deposited into the Project Account pursuant to Section 3.03 (b) of this Agreement;
- (s) “ISAARV” means *Initiative Sénégalaise pour l’Accès aux AntiRétro-Viraux*, the Borrower’s Initiative for the Introduction of antiretroviral therapy in its territory, dated August 1998;
- (t) “Line Ministries” mean the ministries in the Borrower’s government cabinet structure;
- (u) “MAP II” means the second phase of the multi-country HIV/AIDS Program;
- (v) “MOF” means the Borrower’s Ministry of Economy and Finance;
- (w) “MOHP” means the Borrower’s Ministry of Health and Prevention;
- (x) “National Executive Secretariat” and “NES” mean the secretariat established within CNLS for the purpose of coordinating a broad-based multisectoral response by the government and civil society to the HIV/AIDS threat of expansion;
- (y) “NGO” means a non governmental organization established and operating pursuant to the laws of the Borrower;
- (z) “OI” means opportunistic infection;

- (aa) “PLWHA” means People Living with HIV/AIDS;
- (bb) “PNA” means *pharmacie nationale d’approvisionnement*, the autonomous drug procurement agency of the Borrower;
- (cc) “Private Sector Grant” means a grant made or proposed to be made through a Grant Agreement to an Implementing Agency out of the proceeds of the Credit for the carrying out of a Subproject;
- (dd) “Project Implementation Plan” and “PIP” mean the Project Implementation Plan referred to in Schedule 4 to this Agreement;
- (ee) “Project Management Report” and “PMR” mean each report prepared in accordance with Section 4.02 of this Agreement;
- (ff) “Project Operational Manual” and “POM” mean the manual referred to in Section 6.01(e) of this Agreement, consisting of different modules, including a Procedures Manual and a Financial Management Manual setting forth respectively, *inter alia*, the administrative, financial and accounting procedures; the procurement and disbursement procedures; eligibility criteria for the Financial Management Agent, Work Plans and Subprojects (as hereinafter defined), the terms and conditions for the Financial Management Agency Contract and the Grant Agreements, including procurement and accounting thereof, training plans and capacity building programs; reporting requirements to the Borrower and the Association; detailed medical, social and behavioral performance indicators and other activities and arrangements to be used for the implementation of the Project, as the same may be amended from time to time with the Association’s prior written consent, and such term to include any schedules, tables and annexes to the POM;
- (gg) “Public Sector Grant” means a grant made or proposed to be made to an Executing Agency for the purpose of financing the carrying out of a Work Plan under the Project;
- (hh) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement;
- (ii) “STI” means sexually transmitted infection;
- (jj) “Subproject” means a specific HIV/AIDS related project to be carried out by an Implementing Agency utilizing the proceeds of a Private Sector Grant to be extended under a Grant Agreement between NES and an Implementing Agency;
- (kk) “UNFPA” means the United Nations Fund for Population Activities;
- (ll) “WHO” means the World Health Organization;
- (mm) “Work Plan” means an Executing Agency’s multi sector work plan against HIV/AIDS, excluding procurement of drugs, reagents and biomedical equipment, financed or proposed to be financed through a Public Sector Grant made out of the proceeds of the Credit extended under a Work Plan Agreement (as hereinafter defined) to be carried out by such

HIV/AIDS, excluding procurement of drugs, reagents and biomedical equipment, financed or proposed to be financed through a Public Sector Grant made out of the proceeds of the Credit extended under a Work Plan Agreement (as hereinafter defined) to be carried out by such Executing Agency; and

(nn) "Work Plan Agreement" means the agreement to be entered between NES and an Executing Agency for the carrying out of a specific program of HIV/AIDS prevention, treatment, care and support activities included in a Work Plan, including budget and agreed input and output performance indicators thereof, to be financed through the provision of a Public Sector Grant made out of the proceeds of the Credit.

## **ARTICLE II**

### **The Credit**

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twenty-three million six hundred thousand Special Drawing Rights (SDR 23,600,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit; and (ii) amounts paid (or if the Association shall so agree, to be paid) by the Borrower on account of withdrawals made for the benefit of a Implementing or Executing Agency, to meet the reasonable cost of goods, works and services required for the carrying out, respectively, of a Work Plan and a Subproject to be financed under Parts B and C, respectively, of the Project, and in respect of which the withdrawal from the Credit Account is requested.

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

Section 2.03. The Closing Date shall be September 30, 2007 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ( $3/4$  of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on June 1 and December 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 1 and December 1, commencing June 1, 2012 and ending December 1, 2041. Each installment to and including the installment payable on December 1, 2021 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

(A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and

(B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01 (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through the National Executive Secretariat of CNLS with due diligence and efficiency and in conformity with appropriate administrative, financial and public health practices, with due regard for 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 Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the continuous objectives of the Project; and

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

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



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

(b) promptly thereafter, make a Deposit into the Project Account, in an amount equivalent to FCFA 140,000,000, to finance the Borrower's contribution to the Project; and

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

## **ARTICLE IV**

### **Financial Covenants**

Section 4.01. (a) The Borrower shall maintain 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 Borrower shall:

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

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

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

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

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

- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of its financial management system for the Project in order to enable the Borrower, not later than 18 months after the Effective Date, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association, each of which:

- (i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;
- (ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and
- (iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Borrower shall prepare, in accordance with guidelines acceptable to the Association and furnish to the Association not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

(c) Sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said

(c) Sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

## **ARTICLE V**

### **Remedies of the Association**

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

## **ARTICLE VI**

### **Effective Date; Termination**

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

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

(b) the Borrower has opened the Project Account pursuant to Section 3.03 (a) of this Agreement and has deposited therein the initial deposit referred to in Section 3.03 (b) of this Agreement;

(c) the Borrower has appointed a Financial Management Agent for the Project in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(d) the Borrower has adopted the Project Operational Manual and the Project Implementation Plan, both in form and substance satisfactory to the Association;

(e) the Borrower has furnished to the Association the plan of actions and the procurement plan for the first year of Project implementation;

(f) the Borrower has furnished to the Association a medical waste management plan, in form and substance satisfactory to the Association; and

(g) the Borrower has appointed to the staff of NES: an Executive Secretary, three (3) Program Coordinators, and a Financial Controller, all with experience and qualifications satisfactory to the Association and in accordance with section II of Schedule 3 to this Agreement.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby

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

## ARTICLE VII

### Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

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

Cable address:	Telex:
MINIFINANCES	3203 G Dakar

For the Association:

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

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

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

REPUBLIC OF SENEGAL

By /s/ Mamadou Mansour Seck  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo  
Regional Vice President  
Africa

**SCHEDULE 1**

**Withdrawal of the Proceeds of the Credit**

A. General

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

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Works	600,000	80% of local expenditures
(2) Drugs and biomedical equipment	5,650,000	100% of foreign expenditures
(3) Goods	900,000	80% of local expenditures

(4)	Consultants' services and training	3,900,000	100%
(5)	Grants	9,800,000	100% of amounts disbursed
(6)	Operating costs	1,100,000	80%
(7)	Unallocated	1,650,000	
	TOTAL	23,600,000	

2. For the purposes of this Schedule:

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

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

(c) the term "operating costs" means the incremental operating costs arising under the Project on account of audit, maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, travel per diems and allowances, travel accommodation, office rental and Project support staff recruited to work in NES, but excluding salaries of the Borrower's civil servants.

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

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

(b) expenditures under category 5 until and unless the Grants have been made in accordance with the procedures, terms, conditions, guidelines and other provisions set out or referred to in the POM and this Agreement, as shall be evidenced by the first such five (5) Grants furnished to the Association for its review, namely, four (4) Private Sector Grants concluded with, respectively, a private sector enterprise, an NGO, a CBO and an association; and one (1)

Public Sector Grant.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (i) goods, under contracts costing less than \$100,000 equivalent each; (ii) works, under contracts costing less than \$200,000 equivalent each; (iii) services, under contracts costing less than \$100,000 equivalent each for consulting firms and less than \$50,000 equivalent each for individual consultants; and (iv) Grants, all under such terms and conditions as the Association shall specify by notice to the Borrower.

B. Special Account

1. The Borrower shall open and maintain in FCFA a special deposit account, in a commercial bank, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment.

2. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into said Special Account shall be made as follows:

(a) until the Association shall have received: (i) the first Project Management Report referred to in Section 4.02 (b) of this Agreement; and (ii) a request from the Borrower for withdrawal on the basis of Project Management Reports, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) upon receipt by the Association of a Project Management Report pursuant to Section 4.02 (b) of this Agreement, accompanied by a request from the Borrower for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Schedule 1, Annex B, hereto.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if the Association determines at any time that any Project Management Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

(b) if the Association determines at any time that all further withdrawals should be

(b) if the Association determines at any time that all further withdrawals should be made by the Borrower directly from the Credit Account; or

(c) if the Borrower shall have failed to furnish to the Association within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of (A) the records and accounts for the Special Account or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

5. The Association shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Accounts may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Association determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

(d) Refunds to the Association made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

**Annex A**  
**to**  
**SCHEDULE 1**

**Operation of Special Account**  
**When Withdrawals Are Not Made**  
**On the Basis of Project Management Reports**



1. For the purposes of this Annex the term “Authorized Allocation” means an amount equivalent to FCFA 1,400,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to FCFA 700,000,000 until the aggregate amount of withdrawals from the Credit Account, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal or exceed the equivalent of SDR 4,000,000.

2. Withdrawals of the Special Account’s Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

(b) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposit into the Special Account at such intervals as the Association shall specify. Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Special Account’s Eligible Categories.

3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Special Account’s Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

**Annex B**  
**to**  
**SCHEDULE 1**

**Operation of Special Account**  
**When Withdrawals Are Made**  
**On the Basis of Project Management Reports**

1. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Special Account's Eligible Categories.

2. Each application for withdrawal from the Credit Account for deposit into the Special Account shall be supported by a Project Management Report.

3. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the Special Account, shall not exceed the equivalent of FCFA 2,100,000,000.

## **SCHEDULE 2**

### **Description of the Project**

The objectives of the Project are to assist the Borrower in implementing the Program through preventing the spread of HIV/AIDS, expanding PLWHAs' access to treatment, care and support, and supporting civil society and community initiatives for HIV/AIDS prevention and care.

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

Part A: Strengthening Capacity of Executing and Implementing Agencies and Project Coordination Structures

Building additional planning, implementation, monitoring and evaluation capacity in the public and private sectors and at community level through the:

1 (a) provision of technical advisory services in project design, participatory planning and monitoring of community-based activities to HIV/AIDS unit staff of Executing Agencies, and Implementing Agencies; and

(b) carrying out of training programs in voluntary counseling and testing (VCT), prevention of mother to child transmission, prevention and treatment of opportunistic infections and tuberculosis, and provision of antiretroviral therapy (ART) to laboratory technicians, medical and paramedical staff and social workers of the public and private sectors; and

2 (a) Provision of technical advisory services for the carrying out of a comprehensive monitoring and evaluation plan in biological and behavioral surveillance and epidemiological research, including researching the relevance, quantity and quality of public sector and civil society services; and

(b) acquisition of goods, consisting of equipment and materials, for the carrying out of monitoring and evaluation activities.

#### Part B: Support to Civil Society and Community Based Initiatives

Intensifying prevention, care, social support and mitigation of HIV/AIDS through:

1. carrying out IEC programs aimed at: (a) specific target groups, including PLWHA and their families, and (b) CBOs and the private sector and their employees; and

2. provision of Private Sector Grants to Implementing Agencies for the carrying out, *inter alia*, of: (a) prevention and sensitization activities targeted at specific groups, (b) provision of home and community based care for AIDS patients, and (c) social support to AIDS orphans and affected households, including training in income generation activities, and provision of related sub-grants for the carrying out of such activities, if needed.

#### Part C: Support to Multi-Sector Programs of Government Agencies

1. Supporting the Borrower's expansion of HIV/AIDS activities through the provision of Public Sector Grants to Executing Agencies for the carrying out of eligible HIV/AIDS related activities under Work plan Agreements, including:

(a) organizing the design, implementation, coordination and evaluation of IEC programs on prevention, care and social support for Beneficiary Communities; and

(b) carrying out IEC campaigns in favour of Beneficiary Communities for the promotion of: (i) condoms and related acquisition and distribution thereof, (ii) voluntary counseling and testing and facilitation of access thereto, (iii) antiretroviral therapy, prevention and treatment of sexually transmitted infections, mother to child transmission of HIV/AIDS, other opportunistic infections and tuberculosis.

2. Supporting the decentralization in each of the Borrower's regions of Line Ministries'

2. Supporting the decentralization in each of the Borrower's regions of Line Ministries' pilot prevention activities against mother-to-child transmission of HIV/AIDS.
3. Assisting the Borrower in expanding ISAARV to all the main cities within its territory through the:
  - (a) carrying out of diagnosis, care and treatment of HIV/AIDS patients, including sexually transmitted and opportunistic infections and tuberculosis;
  - (b) carrying out of minor rehabilitation works of selected laboratory facilities and voluntary counseling centers; and
  - (c) acquisition of drugs and reagents, including antiretroviral drugs, for the treatment of patients.

Part D: Support to Project Management, Administration and Monitoring

Support for a most efficient programming, implementation, coordination and monitoring of the Project through the:

1. strengthening of the operations and structure of CNLS and NES to ensure efficient coordination of activities;
2. contracting the services of a Financial Management Agent to carry out: (a) the financial management of the Project, (b) the review of the Work Plans and Subprojects, and (iii) the internal audit, supervision and reporting required under the Project; and
3. organization of regular operational meetings and annual Project reviews of CNLS and NES.

\* \* \*

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

**SCHEDULE 3**

**Procurement and Consultants' Services**

Section I. Procurement of Good and Works

Part A: General

1. Goods and works shall be procured in accordance with: (a) the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines); and (b) the provisions of the following Parts of this Section I.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to “Bank member countries” and “member country” shall be deemed to be references, respectively, to “Participating Countries” and “Participating Country”.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, drugs, biomedical equipment and other goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to drugs, biomedical equipment and goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

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

(b) Preference for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods and works estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$2,000,000 equivalent for goods and \$300,000 equivalent for works, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

Goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate

Goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$2,000,000 equivalent, may be procured under contracts awarded either on the basis of national shopping procedures or international shopping procedures, depending on local availability, in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Direct Contracting

Drugs, biomedical equipment and goods costing \$6,000,000 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

Drugs, biomedical equipment and goods may be procured from UNFPA, WHO and IAPSO, in accordance with the provisions of paragraph 3.9 of the Guidelines.

5. Procurement of Small Works

Works estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$800,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required 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 prequalify for bidding or 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 estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract estimated to cost the equivalent of \$100,000 or

(b) With respect to each contract estimated to cost the equivalent of \$100,000 or

more, the following procedures shall apply:

- (i) prior to the execution of any contract under shopping procedures, the Borrower shall provide to the Association a report on the comparison and evaluation of quotations received;
- (ii) prior to the execution of any contract procured under direct contracting or shopping procedures, the Borrower shall provide to the Association a copy of the specifications and the draft contract; and
- (iii) the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

1. Consultants' services shall be procured in accordance with: (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines); and (b) the provisions of the following Parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

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

contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for audit, estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

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

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its



estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

(c) With respect to each contract for consultants' services, irrespective of its value, the terms of reference and short list of consultants shall be furnished to the Association for its prior review and approval.

### 3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

## **SCHEDULE 4**

### **Implementation Program**

#### Institutional structure

1. For the purpose of coordination and general oversight of the Project, the Borrower shall establish and maintain until the completion of the Project, the CNLS. The CNLS shall, *inter alia*: (i) facilitate working relations amongst institutions concerned by Project implementation; (ii) review the progress towards achieving the Project's objectives, including the Project's annual agreed Work Plans and Subprojects; (iii) ensure the participation of key stakeholders in the general orientation of the Project; and (iv) organize regular operational meetings.

2. The Borrower shall maintain NES, until the completion of the Project. NES shall consist of a number of key staff, appointed in accordance with the provisions of Section II of Schedule 3 to this Agreement, including an Executive Secretary, Administrative and Financial Officer, and three (3) Program Coordinators. NES shall be responsible for: (i) the overall coordination regarding the implementation of the different Parts of the Project; (ii) the establishment and implementation of an independent monitoring and evaluation system (iii) the approval of Work Plans and Subprojects; and (iv) the financial and administrative management of the Project. NES activities shall be under the supervision of CNLS to which it will report periodically.

3. The Borrower shall establish and maintain an HIV/AIDS unit in each Line Ministry to act as its focal point in the coordination of HIV/AIDS activities being carried out in the territory of the Borrower.

#### Implementation Arrangements

4. The Borrower shall carry out the Project in accordance with the POM and the PIP and, except as the Association shall otherwise agree, shall not amend or waive any provision thereof if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

5. The Borrower shall recruit a Financial Management Agent with experience and qualifications satisfactory to the Association to assist in the implementation of the Project through the carrying out of: (i) the financial management of Project activities, including the accounting and disbursement requirements thereof; (ii) the review and approval of Work Plans and Subprojects; and (iii) reporting requirements and monitoring activities.

#### Work Plans and Subprojects

6. The Borrower shall cause all Line Ministries and other governmental agencies to furnish draft Work Plans for review by the Financial Management Agent and approval by NES, which shall: (i) be prepared in a fully decentralized and participatory manner; (ii) be fully reflective of PMLS policy and priorities; (iii) be prepared in accordance with key performance indicators; (iv) include an itemized budget and financing plan; (v) provide that the implementation of the Work Plan through the Work Plan Agreement to be entered into between NES and such Line Ministry or government agency is to be supported and supervised semi-annually by NES; and (vi) that such Work Plan Agreement is to be implemented in accordance with the key performance indicators referred to in subparagraph (iii) above.

7. Without limitation to the provisions of paragraph 3 (d) of this Schedule, no Subproject or Work Plan shall be eligible for financing out of the proceeds of the Credit unless the NES shall have determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the POM that the Subproject or Work Plan satisfies the eligibility criteria specified in the POM, which shall include the following:

(a) the Subproject or Work Plan shall be for the provision of HIV/AIDS related services in the areas of prevention, care, treatment, IEC programs and social support;

(b) the Subproject or Work Plan shall be reviewed by the FMA and technically appraised and approved by NES, all in accordance with eligibility criteria set forth in the POM; and

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

#### Terms and conditions of Work Plan Agreements and Grant Agreements

8. (a) (i) In financing a Work Plan, NES shall enter into a Work Plan Agreement with an Executing Agency; and

(ii) in financing a Subproject, NES shall enter into a Grant Agreement with an Implementing Agency; and

(b) for purposes of carrying out each eligible Work Plan and Subproject NES shall enter into agreements setting forth the respective obligations of the parties ,all under terms and

(b) for purposes of carrying out each eligible Work Plan and Subproject NES shall enter into agreements setting forth the respective obligations of the parties ,all under terms and conditions which shall include the following:

- (i) financing for: (A) Work Plans shall be on a grant basis, not to exceed \$2.5 million equivalent per Work Plan Agreement; and (B) Subprojects shall be for services rendered, not to exceed \$200,000 equivalent per Grant Agreement. The number of Grants to each Implementing Agency shall be limited to two (2) during Project implementation;
- (ii) the requirement that the goods, works and services to be financed out of the proceeds of the Work Plan Agreement or the Grant Agreement be procured in conformity with the provisions set forth in Schedule 3 to this Agreement and that such goods works and services shall be used exclusively in the carrying out of the Work Plan or the Subproject;
- (iii) the requirement that: (A) technical and financial reports on the implementation of the Work Plan or Subproject be furnished semi-annually to NES for review; and (B) during the last review for the period concerned, action plans and budget for the following year be furnished to NES;
- (iv) the right of NES to inspect by itself or jointly with the Association the services included in the Subproject or the activities and services included in the Work Plan and any record or relevant document; and
- (v) the right of NES to suspend or terminate the right of an Executing Agency or Implementing Agency to use the proceeds of the Credit upon failure by the Executing Agency or Implementing Agency to perform any of its obligations under the Work Plan Agreement and the Grant Agreement.

Dated covenants

9. The Borrower shall, not later than May 30, 2002:

(a) establish, restructure or strengthen, as the case may be, NES and the regional and department level HIV/AIDS Committees;

(b) furnish to the Association a monitoring and evaluation action plan for the Project; and

(c) appoint an in-house Accountant within each Line Ministry or government agency eligible to receive proceeds of the Credit under the Project.

10. The Borrower shall, not later than June 30, 2002, furnish to the Association a detailed strategic action plan for its IEC campaigns against HIV/AIDS under the Project.

11. The Borrower shall, not later than September 30, 2002, appoint and thereafter maintain throughout Project implementation, a technical auditor with experience and qualifications satisfactory to the Association and who shall be responsible for preparation of a technical audit

11. The Borrower shall, not later than September 30, 2002, appoint and thereafter maintain throughout Project implementation, a technical auditor with experience and qualifications satisfactory to the Association and who shall be responsible for preparation of a technical audit report, satisfactory in form and substance to the Association, to be furnished annually by the Borrower to the Association.

### Reviews

12. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 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, on or about February 15 each year during Project implementation, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by March 31 each year, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

## **SCHEDULE 5**

### **Performance Indicators**

For the purposes of this Agreement, the Borrower agrees that Project performance will be measured by the Indicators below as of December 31, 2006, unless otherwise agreed by the Association:

#### **Process indicators**

1. 90% of Line Ministries involved in the fight against HIV/AIDS (whether target or objective oriented) have made adequate budget allocation for HIV/AIDS activities in their budget plans.
2. Programs for the prevention of mother-to-child transmission of HIV/AIDS and the establishment of voluntary counseling and testing centers have been carried out in each of the Borrower's regions.
3. 30 NGOs' Subprojects and 300 CBOs' Subprojects for the carrying out of IEC activities

3. 30 NGOs' Subprojects and 300 CBOs' Subprojects for the carrying out of IEC activities in each of the Borrowers' regions are financed under the Project.

#### **Outcome indicators**

4. 70% of young male adolescents between the ages of 15 to 19 have used condoms during their last sexual intercourse.
5. 70% of people with STIs are being treated in accordance with national standards.
6. 60% of females targeted under the Program for the prevention of mother-to-child transmission of HIV/AIDS have agreed to voluntary testing of HIV/AIDS.
7. 90% of health facilities provide health services to PLWHA in accordance with national standards.
8. 95% of HIV positive people being treated in health facilities get psychosocial support.
9. 7000 HIV/AIDS patients have received antiretroviral therapy.
10. 80% of civil society groups' subprojects financed out of the proceeds of the Credit have been successfully carried out in accordance with their respective performance indicators set forth in the POM.

#### **Impact indicators**

11. HIV prevalence rate within the population at large in the Borrower's territory is inferior to 3%.
- 