

Conformed Copy

CREDIT NUMBER 2830 EGT

Development Credit Agreement

(Population Project)

between

ARAB REPUBLIC OF EGYPT

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 1, 1996

CREDIT NUMBER 2830 EGT

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 1, 1996, between ARAB REPUBLIC OF EGYPT (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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;

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

- (a) The last sentence of Section 3.02 is deleted.
- (b) The second sentence of Section 5.01 is modified to read:

"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 member of the Bank 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 have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "MOHP" means the Borrower's Ministry of Health and Population, or any successor thereto;

(b) "Social Fund" or "SFD" means the Borrower's Social Fund for Development, established and operating pursuant to Presidential Decree No. 40 of 1991;

(c) "Population Policy Statement" means the statements of the Borrower (i) set forth in the letter from the Borrower's Minister of State for Population and Family Planning to the Association, on population policy, dated October 9, 1995; and (ii) set forth in the letter from the Borrower's Minister of Health and Population to the Association, dated January 22, 1996, on the role and functions of MOHP;

(d) "Strategic Business Plan" means the Borrower's plan, agreed with the Association, for strengthening the organization and functions of MOHP that relate to its population and family planning operations and the carrying out of Part A of the Project, as the same may be amended from time to time with the agreement of the Association;

(e) "Operating Manual" means the Borrower's manual, agreed with the Association, for the carrying out of Part B of the Project, as the same may be amended from time to time with the agreement of the Association;

(f) "Sub-project Grant" means a grant made or proposed to be made by the Borrower, through the Social Fund acting as the Borrower's agent, to a Beneficiary for a Sub-Project;

(g) "Beneficiary" means any agency of the Borrower, non-governmental organization, public or private community organization or community association, established and operating under the laws of the Borrower, to which the Borrower, through the Social Fund acting as the Borrower's agent, proposes to make or has made a Sub-project Grant;

(h) "Sub-project" means a specific project for stimulating demand for family planning to be carried out under Part B of the Project by a Beneficiary utilizing the proceeds of a Sub-project Grant; and

(i) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to eleven million nine hundred thousand Special Drawing Rights (SDR11,900,000).

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 Part A of the Project and to be financed out of the proceeds of the Credit; and (ii) amounts paid (or, if the Asso-

ciation shall so agree, to be paid) through the Social Fund on account of withdrawals made by Beneficiaries under Sub-project Grants to meet the reasonable cost of goods and services required for Sub-projects 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 dollars two special deposit accounts, the first in respect of Part A of the Project and the second in respect of Part B of the Project, in a commercial bank, acceptable to the Association on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2001, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

(b) The commitment charge shall accrue: (i) from the date sixty 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 or 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 payment 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 per cent (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 semi-annually on May 1 and November 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each May 1 and November 1 commencing May 1, 2006 and ending November 1, 2030. Each installment to and including the installment payable on November 1, 2015 shall be one and one-fourth per cent (1,%) of such principal amount, and each installment thereafter shall be two and one-half percent (2+%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an

annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, economic and population practices, and shall provide, 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 and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitations thereto, the Borrower, through MOHP and SFD, shall:

(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 for the future operation of the Project; and

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

ARTICLE IV

Financial Covenants

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

(b) The Borrower, through MOHP and SFD, shall:

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

(ii) furnish to the Association, as soon as available,

	of the Project	Social Fund
(3)	Unallocated	1,070,000
		<hr/>
	TOTAL	11,900,000
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2. For the purposes of this Schedule:

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

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

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals may be made in an aggregate amount not exceeding the equivalent of (a) SDR30,000 in respect of Category 1 (a); and (b) SDR70,000 in respect of Category 1 (b), on account of payments made for expenditures before that date but after February 1, 1996.

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

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (i) strengthen the organization and functions of MOHP that relate to its population and family planning operations; and (ii) finance population activities as will promote smaller families and create social conditions conducive to lower fertility, all in accordance with the Population Policy Statement.

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:

A program to strengthen (through the provision of vehicles, office equipment, furniture and materials, staff training, technical assistance and policy studies) the organization and capacity of MOHP to facilitate the efficient carrying out of its key population and family planning functions, including policy and program planning, program coordination, resource mobilization, sectoral manpower development and training planning, and monitoring and evaluation of population and family planning programs.

Part B:

The provision of grants for the carrying out of specific projects to stimulate demand for family planning and smaller family size, mainly in rural areas in Upper Egypt with unfavorable demographic indicators.

* * *

The Project is expected to be completed by June 30, 2001.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

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

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

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$250,000 or more each.

(b) Preference for domestically manufactured goods

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

Part C: Other Procurement Procedures

1. International Shopping

Goods estimated to cost less than \$250,000 equivalent per contract, up to an aggregate amount not to exceed \$750,000 equivalent, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent and required for Part A of the Project, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Community Participation

Goods estimated to cost less than \$ 50,000 equivalent per contract and required for Part B of the Project shall be procured in accordance with procedures acceptable to the Association.

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

With respect to each contract for goods 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.

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

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Association shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to (a) contracts for the employment of consulting firms estimated to cost less than \$100,00 equivalent each or (b) contracts for the employment of individuals estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Association review shall not apply to (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Association, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

SCHEDULE 4

Implementation Program

The provisions of this Schedule shall apply for the purposes of Section 3.01 (b) of this Agreement.

A. Overall Project Implementation

1. The Borrower shall: (a) maintain arrangements, satisfactory to the Association, for the overall coordination and supervision of Project execution by MOHP; (b) employ, through MOHP, consultants, with qualifications and terms of reference satisfactory to the Association, to assist in the carrying out of the Project; and (c) ensure, through MOHP, that the training under the Project shall be carried out in accordance with programs, including time-schedules for the implementation thereof and criteria for the selection of candidates thereunder, agreed between the Borrower and the Association.

2. The Borrower, through MOHP and SFD, shall: (a) maintain procedures adequate to enable it to monitor and evaluate, on an ongoing basis, in accordance with indicators agreed with the Association, 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: (i) by November 30 of each year, a report, integrating the results of the monitoring and evaluation activities performed pursuant to subparagraph (a) above, on the progress achieved in the carrying out of the Project during the period of 12 months preceding the date of such report, and (ii) on or about June 30, 1999, a mid-term report, integrating the data and other information contained in the reports prepared pursuant to

subparagraph (b) (i) above, on the progress achieved in carrying out the Project during the period preceding the date thereof and setting out the measures recommended to ensure the efficient carrying out of the Project during the period following such date; and (c) review with the Association each such report and, thereafter, take all measures required to ensure the efficient carrying out of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Association's views on the matter.

B. Part A of the Project

Part A of the Project shall be carried out by the Borrower through MOHP in accordance with the requirements and other details set forth in the Strategic Business Plan. For this purpose, the Borrower shall ensure that MOHP shall maintain a Project Implementation Unit with staff, including a Project Director, and other resources and terms of reference agreed with the Association, to be responsible for supervising the execution of Part A of the Project.

C. Part B of the Project

1. Part B of the Project shall be carried out by the Borrower through the Social Fund. For this purpose, the Borrower, through MOHP, shall cause SFD to maintain arrangements, satisfactory to the Association, pursuant to which SFD shall: (a) select Beneficiaries, approve Sub-projects and make Sub-project Grants and otherwise carry out its activities under Part B of the Project in accordance with the strategic framework, criteria, requirements and other details, set forth in the Operating Manual; and (b) adopt procedures, satisfactory to the Association, to (i) monitor against specific outcome indicators agreed with the Association, the carrying out by Beneficiaries of Sub-projects and the achievement of the objectives of Part B of the Project; and (ii) prepare and furnish to the Borrower for inclusion in the reports referred to in Part A.2 of this Schedule, all information required to assess the progress of Part B of the Project and the achievement of its objectives.

2. In order to facilitate the carrying out of Part B of the Project, the Borrower, through MOHP, shall maintain, with membership and terms of reference agreed with the Association: (a) an Executive Committee headed by the Borrower's Minister in charge of MOHP, to be responsible for the provision of policy advice and strategic guidance in the carrying out of Part B of the Project; and (b) a Governorate Committee in each of the Borrower's Governorates within which Sub-projects are proposed to be carried out, to be responsible for the achievement of the objectives of Part B of the Project within the respective Governorate.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means, in respect of Part A of the Project, Category (1) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, and, in respect of Part B of the Project, Category (2) set forth in said table;

(b) the term "eligible expenditures" means expenditures in respect of (i) the reasonable cost of goods and services required for Part A of the Project, and (ii) amounts paid under Sub-project Grants, and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$200,000 in respect of the Special Account for Part A of the Project and an amount equivalent to \$1,000,000 in respect of the Special Account for Part B thereof, to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant

to paragraph 3 (a) of this Schedule.

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

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

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

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective 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 respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Category, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the respective Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

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

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Special Account for the respective Part of the Project, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the respective Part of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Part of the Project 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 respective Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

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

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

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

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

