

CONFORMED COPY

CREDIT NUMBER 2217 MLI

(Second Health, Population and Rural Water Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 3, 1991

CREDIT NUMBER 2217 MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 3, 1991, between REPUBLIC OF MALI (the "Borrower") and INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association").

WHEREAS (A) the Association has received a letter, dated December 15, 1990, from the Borrower describing a program of actions, objectives and policies designed to achieve the development of the Borrower's health and population sectors (hereinafter called the "Program");

(B) the Borrower, having committed itself to the execution of the Program and, as part of the Program, having undertaken to carry out the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(C) the Borrower intends to contract from the European Development Fund ("EDF") a grant (the "EDF Grant") in an amount

equivalent to thirteen million six hundred thousand Dollars (\$13,600,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the "EDF Grant Agreement") to be entered into between the Borrower and EDF;

(D) the Borrower intends to contract from the United States Agency for International Development ("USAID") a grant (the "USAID Grant") in an amount of ten million Dollars (\$10,000,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the "USAID Grant Agreement") to be entered into between the Borrower and USAID;

(E) the Borrower intends to contract from the French Republic through the Fonds de l'Aide la Cooperation ("FAC") a grant (the "FAC Grant") in an amount equivalent to three million Dollars (\$3,000,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the "FAC Grant Agreement") to be entered into between the Borrower and FAC;

(F) the Borrower intends to contract from Kreditanstalt für Wiederaufbau ("KfW") a grant (the "KfW Grant") in an amount equivalent to five million Deutsche Marks (DM 5,000,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the "KfW Grant Agreement") to be entered into between the Borrower and KfW; and

(G) the Borrower intends to seek additional funds from other financiers to assist in financing part of the Project;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

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

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

(a) "AMPPF" means Association Malienne pour la Protection et la Promotion de la Famille, the Borrower's Association for the Protection and Promotion of the Family;

(b) "CFAF" and "CFA Franc" mean the currency of the Borrower;

(c) "COMHC" means any of the Community Health Centers to be established under the Program;

(d) "CONACOP" means Comité National de Coordination des Programmes de Population, the National Committee for the Coordination of Population Programs to be established under the Program;

(e) "District" means any of the Borrower's territorial subdivisions defined as Cercle in the Borrower's Ordonnance No. 77-44/CMLN of July 12, 1977;

(f) "District Health Team" means any of the teams to be established under the Program to improve the management of health services;

(g) "DNHE" means Direction Nationale de l'Hydraulique et de l'Energie, the National Directorate for Water and Power of MIHE (as hereinafter defined);

(h) "DRSAS" means Direction Regionale de la Sante et des Affaires Sociales, any of the Borrower's Regional Directorates of Health and Social Affairs established pursuant to the Borrower's Decree No. 90-264/P-RM of June 5, 1990;

(i) "Essential Drugs" mean the drugs in international common denomination which are in the list, as updated from time to time, annexed to the Borrower's Decree No. 90-318/P-RM of July 6, 1990;

(j) "MIHE" means Ministcre de l'Industrie, de l'Hydraulique et de l'Energie, the Borrower's Ministry of Industry, Water and Power;

(k) "MSPAS" means Ministcre de la Sante Publique et des Affaires Sociales, the Borrower's Ministry of Public Health and Social Affairs;

(l) "NGO" means any Non-Governmental Organization legally established in the Borrower's territory;

(m) "PCU" means the Project Coordination Unit referred to in Section 3.06 of this Agreement;

(n) "PPM" means Pharmacie Populaire du Mali, a public enterprise of the Borrower established pursuant to the Borrower's Ordonnance No. 18/PG.RM of October 5, 1960;

(o) "PPM Contract-Plan" means the contract to be entered between the Borrower and PPM pursuant to Section 6.01 (d) of this Agreement;

(p) "Project Monitoring Committee" means the Committee referred to in Section 3.01 of this Agreement;

(q) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(r) "SSA" means Service Socio-Sanitaire d'Arrondissement, any of the Borrower's Health Sub-Districts established pursuant to the Borrower's Decree No. 90-264/P-RM of June 5, 1990;

(s) "SSC" means Service de Securite Sanitaire et Sociale de Cercle, any of the Borrower's Health Districts established pursuant to the Borrower's Decree No. 90-264/P-RM of June 5, 1990; and

(t) "UNIPAC" means the United Nations Children's Fund's Procurement and Assembly Centre.

## 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 nineteen million two hundred thousand Special Drawing Rights (SDR 19,200,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall open and maintain in CFAF 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 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1997 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 cancelled; and (ii) at the rate set as of the June 30 immediately preceding the Accrual Date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year, specified in Section 2.06 of this Agreement.

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

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on April 15 and October 15 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 April 15 and October 15 commencing April 15, 2001 and ending October 15, 2030. Each installment to and including the installment payable on October 15, 2010 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

Section 2.08. The currency of the 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. 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 MSPAS and MIHE and under the coordination of a Project Monitoring Committee, with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, health and population practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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.

Section 3.03. (a) The Borrower and the Association shall, from time to time, and in any case not later than November 30 of each year the Project is being executed, starting with November 30, 1991, exchange views on the progress achieved in carrying out the Project and the Program.

(b) Prior to each such exchange of views as specified in paragraph (a) of this Section and not later than September 30 of each year, the Borrower shall furnish the following documentation satisfactory to the Association:

- (i) a report on the progress achieved in carrying out the Program, including a project performance review for the preceding year of Project implementation in such detail as the Association shall reasonably request;
- (ii) a project implementation plan for the following year of Project implementation in such detail as the Association shall reasonably request;
- (iii) MSPAS's current budget as executed and MSPAS's draft budget for the next following fiscal year; and
- (iv) MSPAS revised three-year rolling Program of Investments and Recurrent Expenditures.

(c) During the exchange of views to take place as specified in paragraph (a) of this Section, not later than November 30, 1993, the Borrower and the Association shall also conduct a mid-term review of the progress made in carrying out the Project and the potential for applying its results to other areas of the Borrower's territory.

Section 3.04. In order to carry out Part A of the Project the Borrower shall:

(a) not later than September 30, 1991, submit to the Association studies, inclusive of action plans, under terms of reference satisfactory to the Association, on the following: (i) the efficiency of hospitals, including financial, organizational and staffing aspects; and (ii) the labor market for graduates in health related fields.

(b) not later than March 31, 1992, carry out the action plans specified in paragraph (a) of this Section and agreed upon with the Association;

(c) duly perform and cause PPM to duly perform the respective obligations under the PPM Contract-Plan;

(d) except as the Association shall otherwise agree, not take or concur in any action which would have the effect of amending, abrogating or waiving the PPM Contract-Plan or any provision thereof;

(e) limit the provision of financial assistance under such Part of the Project to SSC, SSA and COMHC meeting the criteria set forth in Schedule 5 to this Agreement;

(f) except as the Association shall otherwise agree, ensure that, starting not later than September 30, 1991 and for the term of the Project, the price of Essential Drugs sold by PPM be established based on:

(i) the Bamako price of such drugs as published in the most recent issue of the UNIPAC Standard Stock Items Catalogue; and

(ii) a margin to be agreed with the Association on the basis of the provisions included in the PPM Contract-Plan; and

(g) ensure that, not later than November 1, 1991, a sufficient number of Essential Drugs be made available at the level of PPM's warehouses in the entirety of the Borrower's territory.

Section 3.05. In order to carry out Part C of the Project, the Borrower shall ensure that: (a) agreements satisfactory to the Association be entered into between DNHE and the water users associations established in the areas in which the Project is carried out, to define the rights and obligations related to the construction and maintenance of water points; and (b) a cash contribution of at least CFAF 135,000 be paid by the relevant water users' association no later than one month prior to the beginning of the works.

Section 3.06. The Borrower shall organize and maintain for the duration of the Project a Project Coordination Unit and employ personnel, whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association, to fill the following full-time positions: (a) a Director; (b) a Deputy Director; (c) a Procurement Specialist; (d) an Accountant; (e) five Regional Accountants; and (f) support staff.

#### ARTICLE IV

##### Financial Covenants

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

(b) The Borrower shall:

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

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

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

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

#### ARTICLE V

##### Remedies of the Association

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

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

(b) (i) Subject to subparagraph (ii) of this paragraph:

- (A) The right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or
- (B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:

- (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and
- (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

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

#### ARTICLE VI

##### Effective Date; Termination

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

(a) the EDF Grant Agreement has been executed on behalf of the Borrower and EDF;

(b) the USAID Grant Agreement has been executed on behalf of the Borrower and USAID;

(c) the PPM Contract-Plan has been executed on behalf of the Borrower and PPM, and is satisfactory to the Association; and

(d) the Borrower has enacted legislation satisfactory to the Association to liberalize the drug import market.

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 at the time 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:

Ministcre des Finances et du Commerce  
Bamako  
Republic of Mali

Cable address:

Telex:

MINIFINANCES  
Bamako

972559 MINIFINANCE

For the Association:

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

Cable address:

Telex:

INDEVAS  
Washington, D.C.

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

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



REPUBLIC OF MALI

By /s/ Mohamed A. Toure  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox  
Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil Works	5,640,000	100%
(2) Equipment, vehicles and materials	3,100,000	100%
(3) Medical supplies	1,800,000	100%
(4) Consultants' services	3,550,000	100%
(5) Training	800,000	100%
(6) Operating costs	1,875,000	80%
(7) Goods and ser- vices financed under Part B.2 (e) of the Project	435,000	100%
(8) Unallocated	2,000,000	
TOTAL	19,200,000 =====	

2. For the purposes of this Schedule, the term "operating costs" means incremental costs for salaries, office supplies, utilities and vehicle operating costs.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made: (a) for expenditures prior to the date of this Agreement; and (b) out of the proceeds of the Credit allocated to Category (7) of paragraph 1 above until the Borrower: (i) has made management and staffing arrangements satisfactory to the Association for the establishment and operation of a fund for the financing of the implementation of population policies; and (ii) has established a technical secretariat for CONACOP in a manner satisfactory to the Association.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are: (i) to improve the health and well being of the Borrower's population and its access to health services; (ii) to implement the Borrower's population policy; and (iii) to improve access to safe water for the Borrower's rural communities.

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: Health

Carrying out a decentralized health development program in favor of selected SSC and SSA in the district of Bamako and the regions of Mopti, Kayes, Koulikoro and Segou, including:

1. Improving the coverage and quality of primary health services by: (a) rehabilitation of the related facilities in about 56 existing COMHC; (b) construction of the facilities for about 64 new COMHC; (c) acquisition of information, education and communications material; (d) acquisition of drugs and equipment; and (e) training staff.
2. Improving the coverage and quality of secondary health services by: (a) rehabilitation of the related facilities in about 17 existing SSC; (b) construction of the related facilities for about four new SSC; (c) upgrading of the related facilities in about 25 existing SSA; (d) acquisition of equipment, furniture, drugs and supplies; (e) technical assistance; and (f) training personnel.
3. Strengthening health management at the District level by: (a) upgrading the offices of the District Health Teams in about 17 existing SSC; (b) construction of about four new District Health Teams offices; (c) acquisition of drugs, vehicles, motorcycles, workshops and the financing of operating costs; and (d) training staff and community development agents.
4. Strengthening health management at the regional level by: (a) rehabilitation of the facilities of about three existing DRSAS; (b) construction of the facilities of about two new DRSAS; (c) acquisition of equipment, vehicles, supplies and the financing of operating costs; (d) technical assistance; and (e) training for staff.
5. Improving the efficiency of MSPAS's national directorates in charge of health resource management by: (a) acquisition of equipment, vehicles and supplies; (b) technical assistance; and (c) training their staff.

#### Part B: Population

1. Institutional support for the implementation of a national population and family planning policy by: (a) acquisition of vehicles, furniture, equipment and supplies; (b) technical assistance; and (c) training of program managers.
2. Increasing the availability, quality and use of family planning services by: (a) training of nurses and midwives; (b) provision of contraceptives; (c) strengthening of five existing AMPPF regional offices and establishment of two new ones; (d) introduction and development of family life and health education in the school system; and (e) establishment of a fund for the financing of implementation of population policies.

#### Part C: Rural Water Supply

1. Support of the institutional capacity of the Borrower in: (a)

promoting the financial and technical involvement of villagers in investment and maintenance activities; (b) strengthening the identification, preparation, implementation and supervision capabilities of DNHE; and (c) establishing a village based water point maintenance network.

2. Increasing rural water supply in the regions of Mopti, Kayes, Koulikoro and Segou by: (a) construction of about 385 new water points in the Districts of Kenieba and Bafoulabe; and (b) rehabilitation of about 500 existing water points.

3. Reducing iodine deficiency by the supply, installation and evaluation of iodine modules in about 1500 new and existing water points.

\* \* \* \*

The Project is expected to be completed by June 30, 1997.

### SCHEDULE 3

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

###### Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the "Guidelines").

2. Bidders for the works included Part C.2 (a) of the Project shall be prequalified as described in paragraph 2.10 of the Guidelines.

3. To the extent practicable, contracts shall be grouped in bid packages estimated to cost the equivalent of \$200,000 or more each.

###### Part B: Preference for Domestic Manufacturers

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

###### Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

###### Part D: Other Procurement Procedures

1. Civil works and items which cannot be grouped, or groups of items estimated to cost less than the equivalent of \$200,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,600,000 for the civil works and of \$1,000,000 for the other items, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Operating costs estimated to cost less than the equivalent of \$20,000 per item, up to an aggregate amount not to exceed the equivalent of \$1,200,000 may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part E: Review by the Association of Procurement Decisions

1. With respect to the prequalification of bidders as provided in Part A.2 hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

2. (a) With respect to each contract for civil works and goods estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

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

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.

3. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in the carrying out of the Project described in Schedule 2 to this Agreement, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to CFAF 100,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

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

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

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

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

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

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

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

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

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished

to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

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

(d) Refunds to the Association made pursuant to paragraph 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.

#### SCHEDULE 5

##### Eligibility Criteria

The SSC, SSA and COMHC to be financed under Parts A and B of the Project described in Schedule 2 to this Agreement shall meet the following eligibility criteria:

##### Part A: SSC

1. A five-year District health development plan following a framework satisfactory to the Association has been approved by the Project Monitoring Committee.
2. At least one COMHC within the District is fully operational.
3. The District local development committee has earmarked not less than 7% of the local development tax to the SSC development plan.
4. The SSC is staffed by duly qualified personnel in sufficient number.

##### Part B: SSA and COMHC

1. The SSC in which the SSA or COMHC is included is eligible for financing under the Credit in accordance with Part A of this Schedule.
  2. A health committee representing no less than 5,000 persons in a radius of 15 km has been established.
  3. A contribution of at least 50% of the cost of the civil works to be financed has been secured from users, local governments and NGOs (including the labor of users and NGOs).
  4. Evidence has been produced of previous local community initiatives in the SSA or COMHC territory.
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