

CONFORMED COPY

CREDIT NUMBER 2734 BEN

Development Credit Agreement

(Health and Population Project)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 2, 1995

CREDIT NUMBER 2734 BEN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 2, 1995, between the REPUBLIC OF BENIN (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Association has received from the Borrower a letter dated May 8, 1995 (hereinafter referred to as the "Letter of Sector Development Strategy") describing a program of actions, objectives and policies designed to implement the Borrower's health sector strategy for the period 1995 to 1999 (hereinafter referred to as "the Program") and declaring the Borrower's commitment to the execution of the Program;

WHEREAS: (B) 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; 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, with the modifications thereto set forth below (the General Conditions) constitute an integral part of this Agreement:

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

"Except as the Association and the Borrower 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 Association 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) "MOH" means the Borrower's Ministry of Health;
- (b) "DPCE" means direction de la planification, de la coordination et de l'évaluation, the directorate within MOH in charge of planning, coordination and evaluation of health programs;
- (c) "DDS" means direction departementale de la sante, the Bureau in MOH in charge of the implementation of health sector programs at the departmental level;
- (d) "Health Zone" means a geographical area covered by a first referral hospital supporting the health facilities of one or more sous-prefectures;
- (e) "CHD" means centre hospitalier departemental, a health center serving departments in the territory of the Borrower;
- (f) "CSSP" means centre de sante de la sous-prefecture, a health center serving sub-prefectures in the territory of the Borrower;
- (g) "CCS" means centre communal de sante, a health center serving the communes in the territory of the Borrower;
- (h) "CNEEP" means comite national de suivi de l'execution et de l'évaluation des programmes du secteur de la sante, the national committee for the monitoring and evaluation of implementation of health sector programs established by the Borrower and operating pursuant to the Borrower's Decret Number 90-236 of August 31, 1990;
- (i) "CDEEP" means comite departemental de suivi de l'execution et de l'évaluation des programmes du secteur de la sante, the departmental committee for monitoring and evaluation of implementation of health sector programs established by the Borrower's Arrete Number 688 of February 27, 1989;
- (j) "COGEZ" means comite de gestion de la zone, one of the committees to be elected by the communities covered by the Health Zones to manage such Health Zones;
- (k) "COGES" means comite de gestion de la sous-prefecture, committees elected by the communities served by the CSSP to manage the CSSP and operating under the responsibility of MOH pursuant to the Borrower's Arrete Number 0390 of February 14, 1995;
- (l) "COGEC" means comite de gestion de la commune, one of the committees elected by communities served by the CCS to manage the CCS and operating under the authority of MOH pursuant to the Borrower's Arrete Number 0390 of February 14, 1995;
- (m) "Centrale d'Achate" means the financially autonomous agency created by the Borrower's Decret Number 89-307 of July 28, 1989, to procure drugs and medical supplies for public and private non-profit health facilities;
- (n) "Project Implementation Manual" means the manual setting out the roles, responsibilities, procedures, and processes for the coordination, management, implementation, monitoring and evaluation of the Project, including performance indicators and procurement, disbursement, accounting, auditing and reporting arrangements, to be adopted by the Borrower as provided for in Section 6.01 (c) of this Agreement as the same may be amended from time to time by the Borrower with the

consent of the Association, and such term includes all schedules supplemental to the Project Implementation Manual;

(o) "Annual Review" means the review referred to in Section 3.04 (a) of this Agreement;

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

(q) "Project Account" means the account referred to in Section 3.01 (c) (ii) of this Agreement; and

(r) "CFAF" means the currency of the Borrower.

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 this Agreement, an amount in various currencies equivalent to seventeen million nine hundred thousand Special Drawing Rights (SDR 17,900,000).

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 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 may, for the purposes of the Project, open and maintain in CFAF, a special deposit account 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 Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 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 semiannually 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 semiannual installments payable on each May 1 and November 1 commencing November 1, 2005 and ending May 1, 2035. Each installment to, and including the installment payable on May 1, 2015, 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. (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 MOH with due diligence and efficiency and in conformity with appropriate administrative and health practices, 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 Project Implementation Manual in a manner satisfactory to the Association.

Section 3.02 Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall for the purposes of the Project:

(a) open and maintain in CFAF in the name of MOH an account (the Project Account) in a commercial bank acceptable to the Association on terms and conditions satisfactory to the Association;

(b) deposit into the Project Account an initial amount equivalent to CFAF 216,000,000;

(c) thereafter, deposit into the Project Account in each year during the implementation of the Project, an amount or amounts equivalent to the following aggregates: (i) CFAF 349,000,000 for the second year after the Effective Date; (ii) CFAF 200,000,000 for the third year after the Effective Date; (iii) CFAF 296,000,000 for the fourth year after the Effective Date; (iv) CFAF 237,000,000 for the fifth year after the Effective Date, or such other amount or amounts as the Association may specify during the Annual Review as being required for the purposes of the Project; and

(d) ensure that amounts deposited into the Project Account pursuant to paragraphs (b) and (c) above shall be used only to make payments to meet expenditures made or to be made in respect of the reasonable cost of works, goods and services for the Project not financed or to be financed by the Credit.

Section 3.03. The Borrower shall, not later than April 30 in each year, submit to the Association, for its review and comments: (a) the updated three-year rolling development plan for its health sector for the succeeding years and a report on the execution of the sector's recurrent budget for the past year; and (b) its salary and non-salary recurrent budget allocations to the health sector for the following year.

Section 3.04. (a) Without limitation upon the provisions of Section 9.06 of the

General Conditions, the Borrower shall carry out, jointly with the Association, not later than April 30 in each year, an annual review of the progress made in carrying out the Project and the Program. Each Annual Review shall cover among other things:

- (i) improvements in the quality of health services, particularly family planning, maternal and child health, immunization and prevention, and treatment of sexually transmitted diseases, and in the Borrower's patient referral system;
- (ii) progress in strengthening and decentralizing management and administration of the Borrower's health sector;
- (iii) increase in participation in various health activities of the private and public sector contributors to, and beneficiaries of, the Borrower's health services; and
- (iv) in the years 1997 and 1999, an assessment of the impact of services provided under the Project by the beneficiaries of such services.

(b) The Borrower shall, at least four (4) weeks prior to each Annual Review, furnish to the Association a report describing the status of the elements listed in paragraph (a) above and of the progress achieved in Project implementation generally, and a draft action program and budget for the following year.

(c) The Borrower shall, not later than four (4) weeks after each Annual Review, furnish to the Association an action program and budget, acceptable to the Association and based on the findings of the Annual Review in question, for the further implementation of the Project, including, if appropriate, consequential amendments to the Project Implementation Manual and, thereafter, implement such action program.

Section 3.05 The Borrower shall not earlier than thirty-four (34) months and not later than thirty-eight (38) months after the Effective Date, carry out jointly with the Association a review (the midterm review) of the progress made in carrying out the Project. The midterm review shall replace the Annual Review scheduled for the year in question, shall be carried out according to the procedures laid out in Section 3.04 of this Agreement and shall cover, in such detail as the Association shall specify, the elements specified in Section 3.04 (a) of this Agreement.

Section 3.06 The Borrower shall furnish to the Association:

(a) by September 30, 1996 a time based action plan, acceptable to the Association, for regulatory reform of the pharmaceutical sub-sector; and

(b) by June 30, 1997 an estimate of costs of hospital care and the Borrower's proposals for contribution to these costs by the beneficiaries thereof.

Section 3.07. The Borrower shall:

(a) by December 31, 1995 adopt a budgeting and costing system, acceptable to the Association, for all levels of its system for the delivery of health services; and

(b) by December 31, 1996 prepare draft texts, acceptable to the Association, establishing medical treatment guidelines, norms, standards and protocols for its health facilities and adopt a plan and timetable, satisfactory to the Association, for their application in the territory of the Borrower.

Section 3.08. 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 3.09. Without limitation upon the provisions of Article IX of the General Conditions, the Borrower shall:

(a) prepare 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, of such scope and in such detail as the Association shall reasonably request, for the future operation of the Project;

(b) afford the Association a reasonable opportunity to exchange views with

the Borrower on said plan; and

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

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, and of the COGES, the COGEZ and the COGEC and of the Centrale d'Achat.

(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 report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special 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. Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall furnish to the Association by March 31, June 30, September 30 and December 31 in each year, a report of such scope and in such detail as the Association shall specify on the management of cash and stocks by the Centrale d'Achat.

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 a significant part thereof, will be carried out.

(b) The Borrower's Decret Number 90-236 of August 31, 1990 or Arrete Number 688 of February 27, 1989 shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial condition of the CNEEP or the CDEEP.

(c) The Borrower's Arrete Number 0390 of February 14, 1995 shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial condition of the COGES or the COGEC, or their ability to carry out community outreach work, to manage community financing, or to plan and evaluate health sector activities in their respective regions.

ARTICLE VI

Effective Date; Termination

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

(a) the Borrower has opened the Project Account and deposited therein the initial amount referred to in Section 3.02 (b) of this Agreement;

(b) the Borrower's Conseil des Ministres has adopted a national population policy acceptable to the Association in accordance with Paragraph 8 (a) (2) (i) of the Letter of Sector Development Strategy;

(c) the Borrower has adopted a Project Implementation Manual satisfactory to the Association;

(d) the Borrower has appointed consultants, selected in accordance with the provisions of Section II of Schedule 3 to this Agreement, to assist the Borrower in the introduction of a decentralized accounting management and monitoring system for the Project accounts and to provide related training;

(e) the Borrower has amended Decret Number 90-236 and Arrete Number 688 of February 27, 1989 in a manner acceptable to the Association in order to, among other things, modify the composition of the membership of the CNEEP and the CDEEP and to clarify their functions; and

(f) a legal status acceptable to the Borrower and the Association, has been adopted for the Centrale d'Achat.

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

Representatives of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower 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:

Ministere des Finances
B.P. 302
Cotonou, Benin

Cable address:

MINFINANCES
Cotonou

Telex:

MINFIN 5009 or 5289

For the Association:

International Development Association

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

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 BENIN

By /s/ Lucien Tonoukouin

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	1,930,000	100% of foreign expenditures and 80% of local expenditures
(2) Furniture, medical & other equipment, vehicles and drugs	4,180,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
(3) Consulting Services and Training	5,660,000	100%
(4) Incremental recurrent costs	5,150,000	90% up to December 31, 1998; thereafter 80%
(5) Unallocated	980,000	
Total IDA Financing	17,900,000	

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 the goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(c) The term "incremental recurrent costs" means the incremental costs to MOH incurred under the Project on account of maintenance of offices, medical facilities, and of office and medical equipment and vehicles, acquisition of office supplies, travel and subsistence and salaries of local contractual staff.

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.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods, works and contracts for the employment of consulting firms under contracts not exceeding \$100,000 equivalent and for contracts for the employment of individual consultants under contracts not exceeding \$50,000, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower to improve the health and well-being of its people, particularly the most vulnerable groups, through its contribution to the implementation of the Borrower's national health strategy for the period 1995 to 1999.

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: Development and Expansion of Family Planning Programs and Services

1. Dissemination and promotion of the Borrower's national population policy.

2. Carrying out activities to expand the coverage and improve the quality and availability of family planning services and to ensure their integration into the minimum package of health services offered through the Borrower's public health system, including:

(a) acquisition and distribution of hospital and other medical equipment and of contraceptive supplies;

(b) development and implementation of inservice training programs and supervision protocols for trainers of family planning service providers in order to assist them to provide training to traditional birth attendants, doctors, midwives and nurses;

(c) provision of specialized training to physicians and midwives in family planning methods; and

(d) carrying out of surveys and operational research to define and refine strategies for promotion and delivery of services.

Part B: Improving the Quality and Efficiency of Priority Health Services

1. Strengthening the patient management and referral system, including establishing district level referral facilities, and strengthening the capacity of selected health facilities at the various levels of the referral system to provide quality health services through:

(a) construction and rehabilitation of CCS facilities; rehabilitation of CSSP facilities; and upgrading and extension of selected CSSP facilities in order to transform them into district referral hospitals;

(b) acquisition of medical and other equipment and of laboratory materials for the facilities described in the preceding paragraph;

(c) acquisition of equipment for surgical, gynecological, obstetrical, and trauma services and for post surgical care at the CHD level;

(d) recruitment of technical, administrative and support staff to work on a contractual basis for the facilities described in paragraph (a) above;

(e) developing and applying in the territory of the Borrower treatment protocols, case management guidelines, and patient care norms and standards for each level of service in the referral system; and

(f) carrying out diagnostic assessments of the management systems and quality of services of selected health facilities, and preparing and implementing recommendations to strengthen their capacity to improve the quality and efficiency of the medical services provided by such facilities.

2. Strengthening Priority Health Programs and Services

Acquisition of medical equipment, and provision of training, technical assistance and ongoing supervision to priority health service providers for the purposes of:

(a) Reproductive health: (i) developing effective detection, referral and management strategies for high risk cases and complications of pregnancy and childbirth; and (ii) improving the quality of services provided by traditional birth attendants.

(b) Child health: (i) improving the management and preservation of vaccine supplies; (ii) improving the quality of immunization, the treatment of acute respiratory infections and the prevention and control of diarrhea; and (iii) carrying out an evaluation of immunization coverage and assessing the extent of utilization of oral rehydration therapy.

(c) Nutrition: (i) developing a surveillance system for the purposes of undertaking periodic monitoring of the nutritional status of selected vulnerable groups; (ii) strengthening the capacity of health service providers to diagnose, treat and prevent malnutrition; and (iii) strengthening the capacity of the Borrower's health service providers to increase public awareness of nutrition deficiencies and to encourage behavior changes to prevent them.

(d) Control of Communicable and Parasitic Disease and Traumas: improving the treatment and prevention of malaria, tuberculosis, sexually transmitted diseases, AIDS and traumas.

(e) Community Health and Education: (i) Strengthening the Borrower's capacity to produce and disseminate educational messages promoting family planning and better health and nutrition; (ii) developing training modules for use in disseminating educational messages; (iii) carrying out research to determine effective communication channels; and (iv) carrying out an evaluation of the impact of the Borrower's family planning, health and nutrition education messages.

(f) Water and Hygiene: (i) reproduction and dissemination of the Code d'Hygiene Publique, Loi Number 015 of September 21, 1987; (ii) provision of guidelines and training to health personnel and hygiene workers; (iii) carrying out an evaluation of the environment, particularly with regard to the availability of water supply and sanitation facilities, and its impact on the health status of the population; and (iv) acquisition of portable water control units for the DDS level and construction or renovation and equipping of a small water control laboratory in Cotonou.

Part C: Strengthening Sector Management and Administration

1. Strengthening the capacity of the central, departmental and district levels of MOH to effectively assume decentralized management functions through:

(a) the Central Administrative Unit: completion of construction and equipping of an office building for use by central staff of MOH;

(b) the DDS: (i) Rehabilitation and expansion of office buildings for use by departmental administrative units of MOH; (ii) acquisition and maintenance of office equipment vehicles and supplies; (iii) training of staff of DDS in public health and supervision techniques; and (iv) organization of seminars for health providers in departmental and local health facilities to inform them of the redefined role of the DDS and the Health Zones;

(c) Health Zone Level Administrative Units: Establishment of the Health Zone level administrative units and of the COGEZ, including: (i) construction of office facilities for use by the staff of the Health Zone level administrative units; (ii) acquisition and maintenance of office equipment and vehicles for use by staff of the Health Zone level administrative units; (iii) provision of training to staff of district level administrative units in public health and supervision techniques; and (iv) provision of training in primary health care management to staff of the CCSSs, the CSSPs and the Health Zones; and

(d) Preparation and dissemination to MOH staff of manuals providing an overview of the rationale and content of key functions to be carried out at each level of the decentralized MOH administration and defining the roles and responsibilities of staff in the execution of these functions.

2. Strengthening of Key Management Functions

(a) Strengthening the capacity of MOH to plan and coordinate health sector activities through the provision of technical assistance and training to staff of DPCE and DDS.

(b) Strengthening the capacity of DDS to plan and manage construction and maintenance of health facilities through: (i) provision of computer software and office supplies; (ii) training to staff to enable them to prepare architectural plans and to use the computer software; and (iii) carrying out periodic evaluations of the state of health facilities within each of the Departments in the territory of the Borrower and providing recommendations to DDS.

(c) Personnel Management and Training: Carrying out a comprehensive training program comprising pre-service, in-service and specialized training for staff involved in the implementation of the Program including: (i) preparation of modules on essential topics for inclusion in the basic curriculum for pre-service medical and paramedical training, including modules on generic drugs, cost recovery and family planning; (ii) design, testing and implementation of an in-service medical and paramedical training curriculum; (iii) provision of training to staff of the central administrative unit of MOH and of DDS in human resources management; and (iv) organization of workshops for health service providers, their managers and MOH administrators to address human resources management issues.

(d) Allocation and Management of Financial Resources (i) Revision and implementation of the Borrower's health financing policy; and (ii) strengthening the capacity of MOH in budgeting and financial management through provision of training and contractual staff.

3. Operational Research

(a) Strengthening the capacity of MOH to collect, compile and disseminate relevant findings of existing research through provision of training, technical assistance and acquisition of office equipment and vehicles.

(b) Carrying out field-based research to determine how to improve the performance of health service providers at the local level.

4. Strengthening of Pharmaceutical Sector Management

(a) Provision of training to staff of MOH in pharmaceutical legislation, policy and control.

(b) Provision of training to staff of health facilities and of information to the general public on pharmaceutical policy and regulations, the dangers of the illicit sale of drugs and the cost-effectiveness of essential generic drugs.

(c) Setting up a price stabilization mechanism to ensure continued

affordability of essential generic drugs.

(d) Provision of essential generic drugs and other essential medical consumables to selected health facilities.

(e) Improvement of the management of drug stocks and of prescription practices through carrying out an evaluation of current practices and providing training and supervision to address issues raised by the evaluation.

Part D: Strengthening of Partnerships for Health Program Coordination and Evaluation

1. Establishment within DPCE and operation of a secretariat for the CNEEP to be responsible for coordinating and facilitating the participation of various contributors to, and beneficiaries of, the Borrower's health services in the monitoring and evaluation of health programs.

2. Establishment and operation within each DDS of a secretariat for the respective CDEEP.

3. Provision of training to members of the COGES, the COGEZ, and the COGEC in primary health care, community participation, leadership and teamwork, animation techniques and management of community financing to enable them to carry out community outreach work, to manage community financing, and to plan and evaluate health sector activities in their respective regions.

* * *

The Project is expected to be completed by December 31, 2000.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA 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) Prequalification of bidders

Bidders for the first contract for drugs to be procured under the Project shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines.

(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 to works to be carried out by domestic contractors.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Works for the extension of the CSSP facilities to convert them into district hospitals as described in Part B. 1 (a) of the Project and other works estimated to cost \$1,500,000 equivalent or less per contract, and \$3,400,000 equivalent or less in the aggregate; (b) furniture and other equipment estimated to cost \$250,000 equivalent

or less per contract and \$1,300,000 equivalent or less in the aggregate; and (c) drugs, with the exception of those in the first contract for drugs to be procured under the Project, estimated to cost \$75,000 equivalent or less per contract, and \$100,000 equivalent or less in the aggregate, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Drugs, with the exception of those in the first contract for drugs to be procured under the Project, estimated to cost \$30,000 equivalent or less per contract and \$200,000 equivalent or less in the aggregate; and (b) goods estimated to cost \$30,000 equivalent or less per contract and \$400,000 equivalent or less in the aggregate 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. National Shopping or Procurement from UN Agencies

Vehicles required for Project start-up, and estimated to cost \$200,000 equivalent or less in the aggregate 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 or may be procured from the Interagency Procurement Services Offices of the United Nations Development Project in accordance with the provisions of paragraph 3.9 of the Guidelines.

4. Direct Contracting

Works which are an extension of an existing contract estimated to cost \$30,000 equivalent or less per contract and estimated to cost \$200,000 equivalent or less in the aggregate; and (b) drugs which should be procured as an extension of an existing contract or must be purchased from the original supplier to be compatible with existing supplies and costing \$200,000 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.

5. Limited International Bidding

Drugs, with the exception of those in the first contract for drugs to be procured under the Project, estimated to cost \$250,000 equivalent or less per contract and \$500,000 equivalent or less in the aggregate, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines from the list of suppliers identified in the prequalification exercise referred to in paragraph 2 (a) of Part B of this Section.

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 works and 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 thereto 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 \$100,000 equivalent each, or (b) contracts for the employment of individual consultants 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

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (4) 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 \$1,500,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$750,000 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 be equal to or exceed the equivalent of SDR 6,400,000.

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;

(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 Account;

(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, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to 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 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 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.

