

CONFORMED COPY

CREDIT NUMBER 3416-ET

Development Credit Agreement

(Multisectoral HIV/AIDS Project)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 12, 2000

CREDIT NUMBER 3416-ET

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated October 12, 2000, between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received from the Borrower the following policy documents, namely: (i) the Policy on HIV/AIDS of the Federal Democratic Republic of Ethiopia (1998); (ii) the Strategic Framework for the National Response to HIV/AIDS in Ethiopia for 2000-2004 (1999); (iii) the Federal Level Multisectoral HIV/AIDS Strategic Plan 2000-2004; and (iv) the Regional Multisectoral HIV/AIDS Strategic Plans 2000-2004, describing the Borrower's program of actions, objectives and policies designed to prevent and control the HIV/AIDS epidemic (the said documents being hereinafter referred to as the Multisectoral HIV/AIDS Program or the Program) and declaring the Borrower's commitment to the execution of the Program; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

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

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

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

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

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

(a) "AIDS" means the Acquired Immune Deficiency Syndrome;

(b) "Assistant Program Coordinator" means the Assistant Program Coordinator referred to in paragraph 3 (b) of Schedule 4 to this Agreement;

(c) "Beneficiary" means a CBO (as hereinafter defined), an NGO (as hereinafter defined), or a private sector entity, which has met the eligibility criteria set out in the Project Implementation Manual and the requirements of Schedule 4 to this Agreement and which, as a result, has received or is entitled to receive, a Grant for the carrying out of a Subproject;

(d) "CBO" means a community-based organization operating under the Borrower's laws and meeting the criteria provided in the Project Implementation Manual;

(e) "Eligible Categories" means with respect to: (i) the NS Special Account (as hereinafter defined), Categories (1), (3) and (4) set forth in the table in Part A.1 of Schedule 1 to this Agreement; and (ii) the Fund Special Account (as hereinafter defined), Category (2) set forth in the said table;

(f) "Eligible Expenditures" means expenditures for goods and

services referred to in Section 2.02 (a) of this Agreement and to be financed out of the proceeds of the Credit;

(g) "Emergency HIV/AIDS Fund" means the fund to be established pursuant to Part C of the Project;

(h) "Finance Manager" means the Finance Manager referred to in paragraph 3 (c) of Schedule 4 to this Agreement;

(i) "Financial Controller" means the Financial Controller referred to in paragraph 3 (c) of Schedule 4 to this Agreement;

(j) "Financial Management Manual" means the manual referred to in paragraph 5 (f) of Schedule 4 to this Agreement;

(k) "Fund Special Account" means the special deposit account opened in the name of the Emergency HIV/AIDS Fund pursuant to Part B of Schedule 1 to this Agreement;

(l) "Grant Agreement" means the agreement referred to in paragraph 6 (a) of Schedule 4 to this Agreement;

(m) "Grant" means a grant to be made to finance a Subproject pursuant to Part C of the Project;

(n) "HIV" means the Human Immuno-Deficiency Virus;

(o) "IAPSO" means the Inter-Agency Procurement Services of the United Nations;

(p) "IEC materials" means information, education and communication material;

(q) "Implementation Agencies" includes NAC, a Federal line ministry, an agency, commission or regional bureau of the Borrower, private sector entities, the WAC, the RAC, the NGOs, the CBOs, Woredas, Kebeles, networks of people living with HIV/AIDS and research organizations participating in the Project;

(r) "Initial Deposit" means the initial deposit referred to in Section 3.02 (ii) of this Agreement;

(s) "Kebele" means a sub-unit of a Woreda established and operating under the laws of the Borrower;

(t) "MEU" means the Monitoring and Evaluation Unit to be established pursuant to Part D of the Project;

(u) "NAC" means the Borrower's National HIV/AIDS Prevention and Control Council established in April 2000;

(v) "National Secretariat" means the National HIV/AIDS Council Secretariat referred to in paragraph 2 (a) (i) of Schedule 4 to this Agreement;

(w) "NGO" means a non-governmental organization registered under the laws of the Borrower and meeting the criteria provided in the Project Implementation Manual and includes a religious organization;

(x) "NRB" means the National Review Board of NAC referred to in paragraph 5 (d) of Schedule 4 to this Agreement;

(y) "NS Special Account" means the special deposit account opened in the name of the National Secretariat pursuant to Part B of Schedule 1 to this Agreement;

(z) "PCU" means the Project Coordination Unit referred to in

paragraph 3 (a) of Schedule 4 to this Agreement;

(aa) "Program Coordinator" means the Program Coordinator referred to in paragraph 3 (b) of Schedule 4 to this Agreement;

(ab) "Project Account" means the account to be opened pursuant to Section 3.02 of this Agreement;

(ac) "Project Implementation Manual" means the Project Implementation Manual referred to in paragraph 1 (a) of Schedule 4 to this Agreement;

(ad) "Project Management Report" means each report prepared in accordance with Sections 4.01 and 4.02 of this Agreement;

(ae) "Project Year" means the 12 month period beginning from the Effective Date and ending 12 months thereafter and each successive 12 month period following thereafter;

(af) "RAC" means a Regional AIDS Council established and operating under the laws of the Borrower;

(ag) "Regional Secretariat" means a Regional Secretariat of the RACs;

(ah) "RRB" means the Regional Review Board of the RAC referred to in paragraph 5 (c) of Schedule 4 to this Agreement;

(ai) "Special Accounts" means the NS Special Account and the Fund Special Account;

(aj) "STD" means sexually transmitted diseases;

(ak) "Subproject" means a program or other initiative to be carried out by Beneficiaries under Part C of the Project which having met the eligibility criteria set out in the Project Implementation Manual and the provisions of Schedule 4 to this Agreement is eligible for financing, on a grant basis, in accordance with the provisions of the Project Implementation Manual;

(al) "UNFPA" means the United Nations Fund for Population Activities;

(am) "UNICEF" means the United Nations Children's Emergency Fund;

(an) "WAC" means a Woreda AIDS Council established by a Woreda Council and operating under the laws of the Borrower;

(ao) "WHO" means the World Health Organization; and

(ap) "Woreda" means a local government unit established and operating under the laws 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 the Development Credit Agreement, an amount in various currencies equivalent to forty five million two hundred thousand Special Drawing Rights (SDR 45,200,000).

Section 2.02. 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, works and services required for the Project and to be financed out of the proceeds of the Credit; and (ii) amounts paid (or, if the Association shall so agree, amounts to be paid) by the Borrower on account of withdrawals made to meet the reasonable cost of goods, works and services required for any Subproject in respect of which the withdrawal from the Credit Account is requested.

Section 2.03. The Closing Date shall be June 30, 2004 or such later date as the Borrower and 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 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 March 1 and September 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each March 1 and September 1 commencing March 1, 2011 and ending September 1, 2040. Each installment to and including the installment payable on September 1, 2020 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there

shall be a grace period of a minimum of five years on such repayment of principal.

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

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

Section 2.08. The currency of the 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 through NAC with due diligence and efficiency and in conformity with appropriate administrative, financial and public health practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. The Borrower shall: (i) open and thereafter maintain, until completion of the Project, a Project Account in a bank acceptable to the Association in the name of NAC into which the Borrower shall deposit its counterpart contributions to the costs of the Project; (ii) deposit an initial amount equivalent to \$300,000 (the Initial Deposit) into the Project Account, being the Borrower's estimated counterpart contribution to the costs of the Project for the first 6 months of Project implementation; and (iii) thereafter during each following quarter deposit into the Project Account the amounts required to cover the Borrower's counterpart contributions for each such quarter, as determined by the Borrower and the Association.

Section 3.03. 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 3.04. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Borrower 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 designed to ensure the future achievement of the objectives 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 a financial management system, including records and accounts, and prepare financial statements, all in accordance with accounting standards acceptable to the Association, consistently applied, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for the Special Accounts for each fiscal year audited, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;

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

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

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

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

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the Project Management Reports or statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Borrower, not later than 12 months, or such later date as the Association shall agree, to prepare quarterly Project Management Reports acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both _____ cumulatively and for the period covered by said report, and projected sources _____ and applications of funds for the Project for the six-month period following _____ the period covered by said report, and (B) shows separately expenditures _____ financed out of the proceeds of the Credit during the period covered by said _____ report and expenditures proposed to be financed out of the proceeds of the _____ Credit during the six-month period following the period covered by said _____ report;

(ii) (A) describes physical progress in Project implementation, both cumulatively _____ and for the period covered by said report, and (B) explains variances between _____ the actual and previously forecast implementation targets; and

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

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

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower has adopted the Project Implementation Manual in form and substance satisfactory to the Association;

(b) the Project Account has been opened and the Initial Deposit paid into the Project Account;

(c) the Borrower has appointed a Finance Manager and a Financial Controller, both acceptable to the Association;

(d) the Borrower has established an accounting and a financial management system satisfactory to the Association;

(e) the Borrower has instituted arrangements satisfactory to the Association for the payment of duties and taxes on goods required for the carrying out of the Project;

(f) the Borrower has appointed a Program Coordinator and an Assistant Program Coordinator acceptable to the Association; and

(g) the Borrower has appointed the Senior Procurement Consultant in accordance with paragraph 3 (d) of Schedule 4 to this Agreement.

Section 5.02. 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 VI

Representative of the Borrower; Addresses

Section 6.01. 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 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
P.O.Box 1905
Addis Ababa
Ethiopia

Facsimile:	Cable address:	Telex:
2511551355	MINFIN	21147

For the Association:

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

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

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.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By /s/ Berhane Gebre Christos
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo
Regional Vice President
Africa

Withdrawal of the Proceeds of the Credit

A. General

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Goods	11,350,000	100% of foreign expenditures and 85% of local expenditures
(2) Grants	18,950,000	100% of amounts disbursed
(3) Consultants' services, training and audits	10,200,000	100%
(4) Incremental Operating Costs	1,150,000	90%
(5) Unallocated	3,550,000	
TOTAL	45,200,000	

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; and

(c) the term "Incremental Operating Costs" means the incremental operating costs arising under the Project on account of maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, travel per diems and allowances, travel and accommodation, office rental and Project support staff recruited to work in the PCU and the Regional Secretariats, excluding salaries of civil servants.

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

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 760,000, may be made in respect of Categories (1), (3) and (4) on account of payments made for expenditures before that date but after March 31, 2000; and

(b) expenditures under Category (2) unless (i) NAC has formally approved and adopted the Financial Management Manual; and (ii) the Grant in question has been made in accordance with the procedures, guidelines and other provisions set out or referred to in the Project Implementation Manual and this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for (i) goods under contracts costing less than \$100,000 equivalent each; (ii) services under contracts costing less than (A) \$100,000 equivalent each for consulting firms, and (B) \$50,000 equivalent each for individual consultants; (iii) all Incremental Operating Costs and training; and (iv) all Grants to (A) Woredas, and (B) other Beneficiaries, costing less than \$50,000 equivalent each.

B. Special Accounts

1. The Borrower shall open and maintain in dollars in a bank acceptable to the Association two separate special deposit accounts, one in the name of the National Secretariat (the NS Special Account) and the other in the name of the Emergency HIV/AIDS Fund (the Fund Special Account), all on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into the respective Special Account in accordance with the provisions of this Schedule. Payments out of each Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of a 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.

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

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

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

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

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

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

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

(c) if the Borrower shall have failed to furnish to the Association within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to

the Association pursuant to said Section in respect of the audit of (A) the records and accounts for any Special Account or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

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

6. (a) If the Association determines at any time that any payment out of any Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into the said Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. Unless the Association shall otherwise agree, no further deposit by the Association into 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 determines at any time that any amount outstanding in any Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

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

Annex A to SCHEDULE 1

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

1. For the purposes of this Annex, the term "Authorized Allocation" means in the case of: (i) the NS Special Account, an amount equivalent to \$3,500,000 (three million five hundred thousand dollars) to be withdrawn from the Credit Account and deposited into the NS Special Account pursuant to paragraph 2 of this Annex; and (ii) the Fund Special Account, an amount equivalent to \$4,000,000 (four million dollars) to be withdrawn from the Credit Account and deposited into the Fund Special Account pursuant to paragraph 2 of this Annex.

2. Withdrawals of the Special Accounts' Authorized Allocations and subsequent withdrawals to replenish the Special Accounts should be made as follows:

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

Accounts such amount, as the Borrower shall have requested.

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

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

Annex B to SCHEDULE 1

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

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

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

3. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Accounts an amount equal to the lesser of (a) the amount so requested; and (b) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the Special Account, shall not exceed: (i) the equivalent of \$6,900,000 in the case of the NS Special Account; and (ii) the equivalent of \$5,000,000 in the case of the Fund Special Account.

SCHEDULE 2

Description of the Project

The objective of the Project, which forms a part of the Borrower's Multisectoral AIDS Program, is to assist the Borrower in carrying out the

Multisectoral HIV/AIDS Program through: (i) the provision of HIV/AIDS prevention, care and support services at all levels and in all sectors in the Borrower's territory; and (ii) the utilization of a variety of services and activities provided by public and private sector entities, the NGOs and Community-Based Organizations.

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: Capacity Building for the Borrower's Agencies and Civil Society

Strengthening the institutional, financial and technical capacity of the Borrower's agencies and organizations and public and private sector entities participating in the HIV/AIDS epidemic control activities and efforts, including:

(a) the strengthening of the National AIDS Prevention and Control Council, the Regional AIDS Councils, the Zonal AIDS Councils, Woreda AIDS Councils, the Kebele HIV/AIDS Committees and such other HIV/AIDS bodies as may be established by or with the approval of the Borrower;

(b) improvement of the capacity of Governmental agencies to respond multisectorally to the HIV/AIDS epidemic through the provision to such agencies of training, technical advisory services and necessary resources, facilities and equipment; and

(c) building the capacity of the NGOs, the CBOs and other private sector entities to confront effectively the HIV/AIDS epidemic through the provision to the NGOs, the CBOs, and said agencies of training, technical advisory services and necessary resources, facilities and equipment.

Part B: Expanding Multisectoral Response

1. Expansion of the Borrower's HIV/AIDS activities to all regions and all levels and initiating new HIV/AIDS interventions, including: (i) the carrying out of an inventory of ongoing HIV/AIDS related activities and assessing the overall effectiveness of the said activities; and (ii) prioritizing of potential programs on the basis of existing capacity.

2. The provision of resources and facilities to strengthen HIV/AIDS prevention, treatment, care and support activities of key ministries, agencies, commissions and other government bodies, including the strengthening of the STD and tuberculosis services.

Part C: The Emergency HIV/AIDS Fund

The establishment of an Emergency HIV/AIDS Fund to provide funds to Woredas, the CBOs, the NGOs and private sector entities for the carrying out of Subprojects including multisectoral HIV/AIDS programs and local initiatives.

Part D: Program Coordination and Management

The programming, coordination and monitoring of Program operations by the National Secretariat, Regional Secretariats, Zonal Bureaus, Woreda HIV/AIDS Councils and the Project Coordination Unit, including the establishment of a Monitoring and Evaluation Unit to be responsible for: (i) the development of a data collection system to be used to establish the performance criteria, including social impact for each component of the Project; (ii) the compilation and consolidation of monitoring information including data related to expenditure, disbursements and Program outcomes and impact; and (iii) the preparation of consolidated

quarterly implementation reports for the overall Project.

* * *

The Project is expected to be completed by December 31, 2003.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

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

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

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, 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 in bid packages estimated to cost \$100,000 equivalent 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. Procurement for Emergency purposes

(a) The following items if: (i) listed on a procurement plan for the Project satisfactory to the Association and determined by the Borrower and the Association as emergency requirements for purposes of the Project; and (ii) procured by PCU under contracts awarded within a period not later than 12 months after the Effective Date, may in the case of:

(A) drugs, chemicals, kits and condoms (up to an aggregate amount not to exceed \$1,700,000 equivalent) be procured from IAPSO, UNFPA, UNICEF and WHO in accordance with the provisions of paragraph 3.9 of the Guidelines;

(B) laboratory equipment (up to an aggregate amount not to exceed \$300,000 equivalent) 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;

(C) computers and accessories, office and power equipment (up to an aggregate amount not to exceed \$150,000 equivalent) be procured from IAPSO in accordance with the provisions of paragraph 3.9 of the Guidelines;

(D) vehicles (up to an aggregate amount not to exceed \$200,000 equivalent) be procured (A) from IAPSO in accordance with the provisions of paragraph 3.9 of the Guidelines, and/or (B) 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; and

(E) furniture for the PCU and Regional Coordinating Offices (up to an aggregate amount not to exceed \$200,000 equivalent) be procured from local manufacturers or suppliers 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.

2. National Competitive Bidding

(a) Except as otherwise provided in paragraph 1 of this Part, the following items may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines, namely:

(i) goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$4,300,000 equivalent; and

(ii) office furniture and production of IEC materials for which capacity exists in the Borrower's territory.

(b) Except as otherwise provided in paragraph 5 of this Part, works, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

3. National and International Shopping and Procurement from UN Agencies

Subject to the provisions of paragraph 1 of this Part, goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured: (i) under contracts awarded on the basis of national or international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines; and/or (ii) from IAPSO, UNFPA, UNICEF and WHO in accordance with the provisions of paragraph 3.9 of the Guidelines.

4. Direct Contracting

Medical equipment related to HIV/AIDS, power generators for cold storage facilities and other specialist equipment and spare parts related to HIV/AIDS which are of a proprietary nature costing \$10,000 equivalent or less per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

5. Community Participation

Goods and works required for Part C of the Project shall, pursuant to paragraph 3.15 of the Guidelines, be procured in accordance with

procedures acceptable to the Association.

6. Procurement of Small Works

Subject to the provisions of paragraph 6 of this Part, works included in Subprojects and estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) The procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply to the following:

(i) each contract for goods (A) estimated to cost the equivalent of \$100,000 or more, and (B) to be procured for emergency purposes under paragraph 1 of Part C of this Section;

(ii) the first three contracts to be procured under national competitive bidding procedures; and

(iii) the first three contracts to be procured by each Implementing Agency under shopping procedures.

(b) With respect to goods procured under direct contracting procedures estimated to cost the equivalent of \$5,000 or more per contract, prior to the execution of any such contract: (i) NAC shall provide to the Association a copy of the specifications and the draft contract; and (ii) the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

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

paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

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

Part B: Quality- and Cost-Based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services estimated to cost the equivalent of \$100,000 or more per contract shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

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

Part C: Other Procedures for the Selection of Consultants

1. Quality-Based Selection

Services estimated to cost \$20,000 equivalent or more, including the selection of training institutions, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Least-Cost Selection

Services for: (i) financial audits; and (ii) other repetitive tasks, estimated to cost less than \$50,000 per contract, up to an aggregate amount not to exceed \$350,000, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

3. Individual Consultants

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

4. Single Source Selection

The services of both consulting firms and individual consultants under Parts A, B and D of the Project estimated to cost less than \$5,000 equivalent, up to an aggregate amount not to exceed \$75,000 equivalent, may be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

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

1. Selection Planning

Prior to the preparation of short lists of consultants and the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance

with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) The procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply to the following:

(i) all contracts for services under Parts A, B and D of the Project estimated to cost (A) \$50,000 equivalent or more per contract for (A) consulting firms, and (B) \$30,000 equivalent or more per contract for individual consultants;

(ii) all contracts for Parts A, B and D of the Project for the employment of consulting firms and individual consultants under the single source selection procedures referred to in paragraph 4 of Part C of this Section;

(iii) all contracts procured under quality and cost-based selection procedures estimated to cost \$50,000 equivalent or more; and

(iv) all contracts for services procured under single source procedures estimated to cost \$5,000 equivalent or more.

(b) Subparagraph (a) of this paragraph shall not apply to services required for Part C of the Project.

3. Post Review

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

SCHEDULE 4

Implementation Program

1. Project Implementation Manual

(a) The Borrower shall prepare and furnish to the Association a Project Implementation Manual in form and substance satisfactory to the Association setting out details of all procedures, guidelines, processes, timetables and criteria for the Project (including procedures, guidelines, eligibility and other Operational Manual criteria for the Emergency HIV/AIDS Fund).

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

2. National AIDS Prevention and Control Council, the RACs and the WACs

(a) The Borrower shall cause:

(i) NAC to maintain its National Secretariat in a form and with functions, staffing and resources satisfactory to the Association; and

(ii) each RAC and WAC to be maintained in a form and with functions, staffing and resources satisfactory to the Association.

(b) The RACs shall provide the necessary technical support to the Woredas including organizing regional training for the Woredas on participatory community appraisal techniques.

(c) The National Secretariat shall assist in the strengthening of the capacity of the RACs for technical, impact assessment, financial audits and monitoring and evaluation of Project activities.

(d) The majority of the membership of each RAC and WAC shall be drawn from civil society.

3. Project Coordination Unit

(a) The Borrower shall no later than September 7, 2000 establish and thereafter maintain in a form and with functions, staffing and resources satisfactory to the Association a Project Coordination Unit in the National Secretariat. The PCU shall be assigned the coordination, liaison, supervision, monitoring and longer-term planning and policy support responsibilities under the Project. The PCU shall also have oversight responsibilities in respect of the Emergency HIV/AIDS Fund.

(b) The PCU shall be headed by a Program Coordinator acceptable to the Association who shall be assisted by an Assistant Program Coordinator.

(c) The PCU shall employ a Finance Manager and a Financial Controller acceptable to the Association to assist in the management of the Emergency HIV/AIDS Fund and the financial and accounting requirements of the Project.

(d) The PCU shall employ a Senior Procurement Consultant and a Procurement Consultant to assist with the management of procurement activities of the Project.

(e) The PCU shall through the National Secretariat (i) report to the Board of advisors of NAC on the discharge of its functions under the Project; and (ii) furnish to the Board, for the approval of the Board and NAC, consolidated annual work programs, related annual budget proposals, various progress reports and other documents relating to the PCU's functions.

(f) The Monitoring and Evaluation Unit shall utilize technical advisory services (including services of the Central Statistical Authority, the Regional Statistical Offices, Universities and private institutions) to assist it in the generation of information and analysis. MEU's functions shall include (i) the development of a data collection system, including social impact monitoring, to be used to establish the performance criteria and impact for each component of the Project; (ii) the compilation and consolidation of monitoring information including data related to performance, impact, expenditure and disbursements; and (iii) the preparation of consolidated quarterly implementation reports for the overall Project.

4. Work Plans for Multisectoral Response to the HIV/AIDS Epidemic

In carrying out the multisectoral response to the HIV/AIDS epidemic under Part B of the Project, the Borrower shall cause all ministries, regional bureaus, departments and other agencies participating in the said Part of the Project, to prepare and furnish to NAC an annual work plan in form and substance satisfactory to the Association. The said work plans shall (i) be consolidated by (A) the RAC concerned at the regional level, and (B) the National Secretariat and the PCU at the national level; and (ii) submitted to NAC.

5. Emergency HIV/AIDS Fund

(a) The Emergency HIV/AIDS Fund shall have two windows, namely (i) one window for the NGOs and private sector entities; and (ii) a second window for the Woredas. Grants made to the NGOs and private sector entities from the Emergency HIV/AIDS Fund shall only be used to finance items on a positive list satisfactory to the Association.

(b) The Emergency HIV/AIDS Fund shall be set up, and its management carried out, by staff with qualifications and experience satisfactory to the Association. The PCU shall be responsible for overseeing the operations of the Emergency HIV/AIDS Fund.

(c) The Borrower shall cause the RACs to set up Regional Review Boards with functions, staffing and resources satisfactory to the Association. The said Regional Review Boards shall be responsible for the selection for financing, under the Emergency HIV/AIDS Fund, of eligible proposals for regional activities to be carried out under Part C of the Project in accordance with terms of reference approved by NAC.

(d) The Borrower shall set up a National Review Board with functions, staffing and resources satisfactory to the Association. The NRB shall be responsible for the selection for financing, under the Emergency HIV/AIDS Fund, of eligible proposals for the following activities to be carried out under the said Part of the Project, namely (i) national and inter-regional activities; and (ii) regional activities beyond the approval authority of the Regional Review Boards.

(e) The eligibility of programs and initiatives for financing under the Emergency HIV/AIDS Fund shall be determined in accordance with the criteria set out in the Project Implementation Manual and the provisions of this Agreement. Proposals submitted for financing shall in the case of (i) the NGOs and private sector entities be reviewed and selected for financing by the NRB; and (ii) Woredas by the WACs.

(f) The Borrower shall no later than February 28, 2001, prepare and furnish to the Association a Financial Management Manual for the Emergency HIV/AIDS Fund (including financial management procedures) in form and substance satisfactory to the Association.

6. Provisions of Grant Agreements

(a) NAC shall make proceeds of the Emergency HIV/AIDS Fund available to a Beneficiary, on a grant basis, under an agreement, satisfactory to the Association, to be entered into between NAC and the Beneficiary (the Grant Agreement).

(b) The Grant Agreement shall provide for rights adequate to protect the interests of the Association, the Borrower and NAC, including to the extent that it shall be appropriate the right to require the Beneficiary to:

(i) carry out the Subproject with due diligence and efficiency and in accordance with sound administrative, financial, health, technical and managerial standards;

(ii) maintain adequate records for the Subproject concerned;

(iii) procure all goods, works and services required for a Subproject or activity in accordance with the provisions of Schedule 3 to this Agreement;

(iv) use the goods, works and services so procured exclusively in the carrying out of the Subproject or activity; and

(v) permit NAC or the Borrower to inspect, by itself or

jointly with _____ representatives of the Association if the Association shall so request, any _____ goods, works, plants and construction included in the Subproject or activity, _____ the operation thereof, and any relevant records and documents.

(c) Without limitation or restriction upon the provisions of the preceding subparagraphs of this paragraph, a Grant Agreement shall (i) specify the contribution to be made by a Beneficiary carrying out a Subproject to the total costs of the Subproject; and (ii) provide for the right of NAC to suspend or terminate the right of the Beneficiary to the use of the proceeds of the Grant upon the failure by the Beneficiary to perform any of its obligations under the Grant Agreement.

7. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate, on an ongoing basis, in accordance with the indicators satisfactory to 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, on or about January 15, 2002, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by February 15, 2002, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

8. The Borrower shall prepare and furnish to the Association no later than December 15, 2000, the performance indicators referred to in paragraph 7 (a) of this Schedule.

9. (a) The Borrower shall no later than March 15 each Project Year (i) undertake a joint in-depth review of the carrying out of the Project; and (ii) take all necessary action to ensure the participation in the said annual review of representatives of the Implementing Agencies. The annual review shall assess the following (A) the overall progress made in the implementation of the Project; (B) the results of the monitoring and evaluation activities; and (C) the replicability of Project activities on a wider scale.

(b) The Borrower shall, three months before such review, prepare and furnish to the Association reports including a technical audit and Beneficiary assessment, in scope and detail satisfactory to the Association, needed to undertake the review, including preparation of a program of action, to deal with deficiencies in Project implementation identified prior to such review.

(c) The Borrower shall, based on such review, promptly prepare an action plan, satisfactory to the Association, for the further implementation of the Project, and shall thereafter implement such action plan.



