

CONFORMED COPY

CREDIT NUMBER 3415-KE

Project Agreement

(HIV/AIDS Disaster Response Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

NATIONAL AIDS CONTROL COUNCIL

Dated October 12, 2000

CREDIT NUMBER 3415-KE

PROJECT AGREEMENT

AGREEMENT, dated October 12, 2000, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and NATIONAL AIDS CONTROL COUNCIL (NACC);

WHEREAS (A) by the Development Credit Agreement of even date herewith between the Republic of Kenya (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to thirty seven million nine hundred thousand Special Drawing Rights (SDR 37,900,000), on the terms and conditions set forth in the Development Credit Agreement, but only on conditions that NACC agrees to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a subsidiary financing agreement (the Subsidiary Financing Agreement) to be entered into between the Borrower and NACC, the proceeds of the credit provided for under the Development Credit Agreement will be made available to NACC on the terms and conditions set forth in the Subsidiary Financing Agreement; and

WHEREAS NACC, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) NACC declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out the Project 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 said Part of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and NACC shall otherwise agree, NACC shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. (a) NACC shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement.

(b) For the purposes of Section 9.06 of the General Conditions and without limitation thereto, NACC shall:

(i) 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 Association and NACC, a plan for the future operation of the Project; and

(ii) afford the Association a reasonable opportunity to exchange views with NACC on _____ said plan.

Section 2.04. NACC shall duly perform all its obligations under the Subsidiary Financing Agreement. Except as the Association shall otherwise agree, NACC shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Financing Agreement or any provision thereof.

Section 2.05. (a) NACC shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and under the Subsidiary Financing Agreement, and other matters relating to the purposes of the Credit.

(b) NACC shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by NACC of its obligations under this Agreement and under the Subsidiary Financing Agreement.

Section 2.06. NACC shall, not later than January 31, 2001, employ a financial management agency with qualifications and under terms and conditions satisfactory to the Association which shall be responsible for assisting NACC in carrying out the Project.

ARTICLE III

Management and Operations of NACC

Section 3.01. NACC shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and public health practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. NACC shall at all times operate and maintain its equipment and other property and facilities, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound administrative, financial, public health practices.

Section 3.03. NACC shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) NACC 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 to reflect in accordance with sound accounting practices its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) NACC shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) 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 its 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 said records, accounts and financial statements as well as the audit thereof, as the

Association shall from time to time reasonably request.

Section 4.02. NACC 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, which:

(a) (i) sets forth actual sources and application 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 (ii) 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 the said report;

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

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

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of NACC thereunder shall terminate on the earlier of the following two dates:

(i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or

(ii) the date 20 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify NACC of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or facsimile to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

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

For National Aids Control Council

Office of the President
National Aids Control Council
Kenyatta National Hospital
P.O. Box 19361
Nairobi

Facsimile:
254-2-729504
254-2-726036

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of NACC or by NACC on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by the Chief Executive of NACC or such other person or persons as NACC shall designate in writing, and NACC shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo
Regional Vice President
Africa

NATIONAL AIDS CONTROL COUNCIL

By /s/ Felistas V. Khayumba
Authorized Representative

SCHEDULE 1

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 and Part D 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.

Part C: Other Procurement Procedures

1. National Competitive Bidding

IEC materials estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$3,000,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

Goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured under contracts awarded on the basis of (i) international shopping procedures for goods not available locally; and (ii) national shopping procedures for goods available locally, all in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement from UN Agencies

Office equipment estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$1,800,000 equivalent, may be procured from IAPSO in accordance with the provisions of paragraph 3.9 of the Guidelines.

4. Community Participation

Works estimated to cost less than \$50,000 equivalent per contract shall be procured in accordance with procedures acceptable to the Association.

5. Procurement of Small Works

Works estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000 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: Procurement of Emergency Goods

1. Computers and accessories, office and power equipment estimated to cost up to an aggregate amount not to exceed \$1,500,000 equivalent, may be procured from IAPSO in accordance with the provisions of paragraph 3.9 of the Guidelines.

2. Vehicles estimated to cost up to an aggregate amount not to exceed \$300,000 equivalent, may be procured from IAPSO in accordance with the provisions of paragraph 3.9 of the Guidelines or may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraph 3.5 and 3.6 of the Guidelines, or may be procured from local bonded warehouses on a competitive basis under procedures acceptable to the Association.

3. Furniture of NACC and the regional coordinating offices estimated to cost up to an aggregate amount not to exceed \$100,000 equivalent, 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.

4. Furniture for constituencies estimated to cost less than \$3,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent for all 210 constituencies, 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.

5. All goods under this Part D shall be procured within twelve months after the Effective Date.

Part E: 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) With respect to the first three contracts awarded on the basis of National Competitive Bidding procedures, NACC shall, prior to the execution of any contract, provide to the Association for review and approval the draft contracts. The contracts shall be awarded only after the said approval shall have been given.

(b) With respect to the first two contracts for goods under Part D to this Schedule (Procurement of Emergency Goods) NACC shall, prior to the execution of any contract, provide to the Association for review and

approval the draft contracts. The contracts shall be awarded only after the said approval shall have been given.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

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

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

Part B: Quality- and Cost-Based Selection

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

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The 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. Least-Cost Selection

Services for financial audits and other repetitive services may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Single Source Selection

Services procured at the district level under approved work programs estimated to cost less than \$5,000 equivalent per contract, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

3. Individual Consultants

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

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

1. Selection Planning

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

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$30,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$5,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

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 2

Implementation Program

1. Project Implementation Plan

NACC shall carry out the Project in accordance with the Project Implementation Plan and, except as the Association shall otherwise agree, no provision of the Project Implementation Plan shall be amended or waived 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. The Manual of Procedures

NACC shall prepare a manual of procedures, in form and substance satisfactory to the Association, for Subprojects. Except as the Association shall otherwise agree, no provision of the Manual of Procedures shall be amended or waived 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. The Manual of Procedures shall require applications for Grants to be submitted in writing to the Constituency AIDS Control Committee or higher level AIDS Control Committee as determined by their threshold approval levels.

3. Work Programs

(a) The Project Implementation Plan shall provide that:

(i) to be eligible for financing under the Credit, work-programs of line ministries must be submitted to the parent ministries of line ministries and to NACC for approval and be approved by said parent ministries and NACC; and

(ii) any purchases of equipment, commodities or the provision of training under the Project shall be closely scrutinized to ensure consistency with the Project's developmental objectives.

4. NACC shall furnish to the Association for approval the consolidated annual work program and shall thereafter implement the Project in accordance with said work program.

5. Project Management and Implementation - Coordinating Agencies

(a) The Permanent Secretary to the Office of the President in charge of Provincial Administration shall be the accounting officer for resources made available to the said Office or to NACC under the Project for the carrying out of the National AIDS Strategic Plan. NACC shall be assigned responsibility for the coordination of the activities, and accounting responsibilities, under the Project.

(b) The Project Oversight Committee established by the Borrower shall consist of: (i) a chairman who shall be the Permanent Secretary, Secretary to the Cabinet and Head of the Public Service; (ii) a representative of the Ministry of Finance and Planning; (iii) the Chairman of NACC; (iv) the Accounting Officer of the Office of the President; (v) a representative from the private sector; and (vi) a representative of the NGO/religious organizations.

(c) NACC shall be responsible for: (i) review and approval of annual work programs for the carrying out of the National AIDS Strategic Plan; and (ii) the assurance of consistency in the approaches adopted by all the Implementing Agencies concerning HIV/AIDS prevention and mitigation.

(d) The Director of NACC shall be responsible for: (i) the convening of meetings of NACC; and (ii) the submission of consolidated annual work programs and budgets of the Implementation Agencies for approval by NACC. The said meetings shall be held at least twice every year.

(e) The Secretariat of NACC shall be responsible for the overall coordination of Program and Project activities including the preparation of its own annual work program and budget, and consolidation of the work programs of other agencies, and line ministries. The Director's functions would also include:

(i) the carrying out of, financial management and monitoring and evaluation of Project activities;

(ii) the organization of twice yearly joint reviews to report on the achievements, as part of the National AIDS Strategic Plan, and of work programs carried out under the Project;

(iii) the presentation of the work program for the next fiscal year to Program partners after the said program has been endorsed by the Project Oversight Committee and approved by NACC; and

(iv) the establishment of a Technical Committee, to review proposals costing more than \$25,000 equivalent and for

facilitating NGOs and CBOs.

(f) The Provincial AIDS Control Committees shall be responsible for: (i) the coordination of Program and Project activities at the provincial level; (ii) the provision of support to the District AIDS Control Committees; (iii) the approval of proposals supporting applications for Grants; and (iv) the monitoring of all HIV/AIDS related activities at the provincial level. The PACC shall report to the NACC.

(g) The District AIDS Control Committees shall: (i) coordinate HIV/AIDS activities at the district level; (ii) approve proposals supporting applications for Grants; (iii) be responsible for the provision of support to the Constituency AIDS Control Committees; and (iv) be responsible for the monitoring of all HIV/AIDS related activities at the district level. The DACC shall report to the PACC.

(h) The Constituency AIDS Control Committees shall: (i) coordinate the HIV/AIDS related activities at the constituency level; (ii) be responsible for the social mobilization in favor of an intensified response to the HIV/AIDS epidemic; and (iii) approve proposals supporting applications for Grants.

5. Line Ministries

(a) The AIDS Control Unit in a participating ministry shall coordinate Project activities at the level of the ministry. The ACU shall also be responsible for: (i) the development of annual work programs and budgets; (ii) the financial management of Project resources provided to the ministry; and (iii) the monitoring and evaluation of Project activities as they relate to the ministry.

(b) The ACUs shall: (i) report on the progress of the Project primarily to the accounting officer of the parent ministry of the line ministry with copies of the report to the Permanent Secretary, Office of the President and the Director of NACC; and (ii) furnish accounts and financial reports relating to its ministry's Project activities primarily to the accounting officer of the line ministry concerned with copies to the Office of the President and the Director of NACC.

6. Community Initiative Account

(a) The Secretariat of NACC shall be responsible for the management of the Community Initiative Account; and to that end, NACC shall employ an independent agency, acceptable to the Association, under an agreement, satisfactory to the Association to carry out, on behalf of NACC, the financial management, procurement, advisory, and monitoring functions related to the Community Initiative Account.

(b) The Secretariat of NACC shall monitor the execution, by the said independent agency, of its obligations under the said agreement; and to that end, NACC shall employ an auditor, satisfactory to the Association, to review the performance by the said agency of the said obligations.

(c) The eligibility and purposes for which the Community Initiative Account funds shall be used shall be determined in accordance with the criteria set out in the Manual of Procedures, provided however, that PACCs or CACCs which have registered as NGOs/CBOs shall not be eligible for Grants for implementing Subprojects under the Community Initiative Account.

7. Subprojects and Grants

(a) The persons, entities or institutions to be responsible for the operation and maintenance of Subprojects shall include CBOs, NGOs, private sector entities, including religious bodies, and research

institutions.

(b) The matters to be considered in the approval of Subproject community related proposals for Grants shall include the following:

(i) there must be clear evidence that the Subproject has been identified by the community concerned, after an examination by the said community of HIV/AIDS related problems; and

(ii) the Subproject proposal must recommend solutions to identified priority HIV/AIDS related problems and clearly show evidence of widespread support within the community concerned for the recommended solutions.

8. Provisions of Grant Agreements

(a) NACC shall out of the proceeds of the Community Initiative Account make funds available to a Beneficiary, on a grant basis, under an agreement, satisfactory to the Association, to be entered into between the Borrower 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 NACC, 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 in accordance with the provisions of Schedule 1 to this Agreement;

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

(v) permit NACC 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, the operation thereof, and any relevant records and documents.

(c) The Grant Agreement shall provide for the right of NACC 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.

9. Monitoring and Evaluations and Other Reviews

NACC shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 3 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about March 31 and September 30 each year 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 April 30 and October 31 or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

SCHEDULE 3

Performance Indicators

The performance indicators for the Project shall include the following:

A. Project Indicators

1. The percentage of Credit Proceeds under Part C disbursed per constituency, district and province.
2. The number of the line ministries that have sensitized their staff on the facts about HIV/AIDS.
3. The number of public sector training institutions that have integrated HIV/AIDS issues in their curriculum.
4. The percentage of CACCs/DACCs/PACCs having submitted approved proposals under Part C.
5. The proportion of proposals under Part C that focus on prevention, or care or support respectively.

B. Process Indicators

1. The percentage of districts and constituencies that have functional Voluntary Counseling and Testing Centers (VCT).
2. The knowledge of Parent-to-Child Transmission (PTCT) and ways of how to prevent PTCT.
3. The percentage of districts and constituencies that have functional patient support centers.
4. The extent to which HIV/AIDS issues are examinable in primary and secondary schools and other training institutions.
5. The percentage of districts and constituencies with active programs to support orphans.
6. As in 5. above for widows.
7. VCT utilization rates.
8. The percentage of ministries with budget line items for HIV/AIDS related programs.

C. Impact Indicators

1. Prevalence rates of HIV infection, by age group and gender.
2. Median age at first sex.

3. Reported condom use at last sex with non-regular partner.
4. STD incidence/prevalence.
5. Primary school enrollment and completion rates among orphans.
6. The number of non-regular sexual partners during a defined period, by marital status, age group, and gender.

