

CONFORMED COPY

LOAN NUMBER 3339 ZIM

(Second Family Health Project)

between

REPUBLIC OF ZIMBABWE

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated July 25, 1991

LOAN NUMBER 3339 ZIM

LOAN AGREEMENT

AGREEMENT, dated July 25, 1991, between REPUBLIC OF ZIMBABWE (Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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 Bank to assist in the financing of the Project;

(B) the Borrower intends to contract from the European Economic Community (EEC) a grant (the EEC Grant) in an amount of two million five hundred thousand European Currency Units (ECU 2,500,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the EEC Grant Agreement) to be entered into between the Borrower and EEC;

(C) the Borrower intends to contract from the Danish International Development Agency (DANIDA), a grant (the DANIDA Grant) in an amount of forty-five million Danish Kroner

(DKr 45,000,000) to assist in financing part of the Project on terms and conditions set forth in an agreement (the DANIDA Grant Agreement) to be entered into between the Borrower and DANIDA;

(D) the Borrower and the Overseas Development Administration of the United Kingdom intend to enter into a memorandum of understanding (the ODA Memorandum of Understanding) for the purpose of making available goods and services to the Borrower with a value of two million five hundred thousand British Pounds ( 2,500,000) (the ODA Grant) to assist in financing part of the Project on the terms and conditions set forth in the ODA Memorandum of Understanding;

(E) the Borrower and the Government of the Kingdom of Norway (Norway) intend to enter into an agreement (the Norwegian Grant Agreement) for the purpose of making available to the Borrower a grant of eighty million Norwegian Kroner (NOK 80,000,000) (the Norwegian Grant) to assist in financing part of the Project and for that purpose, Norway has requested and the Bank has agreed to administer the Norwegian Grant pursuant to the provisions of an agreement to be entered into between Norway and the Bank and a Development Grant Agreement to be entered into between the Borrower and the Bank as Administrator on behalf of Norway;

(F) the Minister for Development Cooperation of the Netherlands, pursuant to an agreement to be entered into with the Borrower (the Dutch Grant Agreement), has agreed to make available to the Borrower on behalf of the Government of the Netherlands a grant of five million Dutch Guilders (Dfl 5,000,000) (the Dutch Grant) to assist in financing part of the Project and for that purpose, the said Minister has requested and the Bank has agreed to administer the Dutch Grant pursuant to the provisions of an agreement to be entered into between the Minister and the Bank and a Development Grant Agreement to be entered into between the Borrower and the Bank as Administrator on behalf of the said Minister; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan 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 Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

- (a) last sentence of Section 3.02 is deleted; and
- (b) sub-paragraph (k) of Section 6.02 is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added as follows:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

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

- (a) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;
- (b) "MOH" means the Borrower's Ministry of Health;
- (c) "ZNFPC" means the Zimbabwe National Family Planning

Council;

(d) "Project Districts" means the Borrower's districts of Mudzi and Murehwa in Mashonaland East, Rushinga and Guruve in Mashonaland Central, Kadoma and Kariba in Mashonaland West, Bulalimamangwe and Kezi-Matobo in Matabeleland South, Bubi and Nkayi in Matabeleland North, Buhera and Mutasa in Manicaland, Chibi and Mwenezi in Masvingo and Chivhu and Kwekwe in Midlands;

(e) "Cofinancing Agreements" means collectively, the EEC Grant Agreement, the DANIDA Grant Agreement, ODA Memorandum of Understanding, the Norwegian Grant Agreement and the Dutch Grant Agreement; and

(f) "Project Management Unit" means the project management team referred to in paragraph 3 of Schedule 5 to the Loan Agreement (Family Health Project) between the Borrower and the Bank dated October 1, 1986 as such team is supplemented pursuant to the provisions of paragraph 3 of Schedule 5 to this Agreement.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of twenty-five million dollars (\$25,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

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

(b) The Borrower shall open and maintain in dollars, a special deposit account in a commercial bank, in the name of its Central Bank for the purposes of the Project, on terms and conditions satisfactory to the Bank, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedules 6 and 7 to this Agreement.

(c) On each of the semiannual interest payment dates specified in Section 2.06 of this Agreement, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay, on such date, interest and other charges on the Loan accrued and payable on or before the date set forth, and up to the amount allocated, in Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and the Bank.

Section 2.03. The Closing Date shall be December 31, 1997 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ( $3/4$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ( $1/2$  of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate

applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on May 1 and November 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MOH with due diligence and efficiency and in conformity with appropriate administrative, financial and health practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in

accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and works required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. (a) The Borrower shall through MOH and ZNFPC recruit and deploy at least 80 qualified community-based distributors prior to June 30, 1993. Thereafter, appropriate numbers of such distributors shall be recruited for ensuing fiscal years until the completion of the Project after agreement reached by the Borrower and the Bank on the basis of the recommendations emanating from the Borrower's studies on (i) family planning services manpower requirements and (ii) needs and options for family planning rural outreach services, expected to be completed by December 31, 1991 and December 31, 1992, respectively.

(b) The Borrower shall through MOH recruit and deploy about 40 nutrition coordinators by June 30, 1993.

Section 3.04. The Borrower shall cause the surveys referred to in Part B (5) of the Project for 1991 and 1994 respectively, and shall submit the results thereof to the Bank for its review and comments by March 31 of 1992 and 1995, respectively.

Section 3.05. (a) The Borrower shall cause its Central Mechanical Equipment Department to prepare and furnish to the Bank and MOH for review and comment, by not later than March 31, 1992, a plan containing its proposed new arrangements for the maintenance of vehicles assigned to MOH. Such plan shall include, inter alia, arrangements for (i) the maintenance of inventories of spare-parts, and (ii) ensuring the quality of service and maintenance turnaround times and sub-contracting maintenance to private garages.

(b) After review of this plan by the Bank and consultations with the Borrower, the Borrower shall cause the Department to adopt and begin implementation of a plan satisfactory to the Bank by July 1, 1992.

Section 3.06. The Borrower shall undertake, three years after the Effective Date, an evaluation of the effectiveness of the implementation of the Project on the basis of terms of reference satisfactory to the Bank. The Borrower shall, within four months of the completion of the evaluation, submit an evaluation report to the Bank for its review and comments which shall include the Borrower's plans to rectify identified constraints.

#### ARTICLE IV

##### Financial Covenants

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

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than nine months after the end of each such year, the report of such audit by

said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

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

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

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

#### ARTICLE V

##### Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

- (i) Subject to subparagraph (ii) of this paragraph:
  - (A) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or
  - (B) any such loan shall have become due and payable prior to the agreed maturity thereof.
- (ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified namely that, any event specified in paragraph (i) (B) of Section 5.01 of this

Agreement shall occur, subject to the proviso of paragraph (ii) of that Section.

#### ARTICLE VI

##### Effective Date; Termination

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

(a) the Borrower has appointed persons with qualifications and experience satisfactory to the Bank to the posts of financial officer and procurement officer within the Project Management Unit; and

(b) the Borrower has appointed an architect and physical planning advisor to the Project Management Unit with qualifications and experience satisfactory to the Bank and such person has taken up his post.

Section 6.02. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time responsible for Finance, Economic Planning and Development is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

The Secretary to the Treasury  
Ministry of Finance, Economic Planning  
and Development  
Private Bag 7705  
Causeway  
Harare, Zimbabwe

Cable address:

MINFIN  
Harare

Telex:

MINFIN 22141 ZW  
Harare

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

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

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

REPUBLIC OF ZIMBABWE

By /s/ Kumbirai M. Kangai  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

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

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	of % to be Financed
(1) Works	19,000,000	40%
(2) Equipment	2,400,000	100% of foreign expenditures, 100% of local expenditures (ex- factory cost) and 80% of local expenditures for other items pro- cured locally
(3) Unallocated	3,600,000	
TOTAL	25,000,000 =====	

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; and

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

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (i) improve maternal and child health and nutrition in Zimbabwe, (ii) reduce the rate of



population growth, (iii) improve access to basic health, population and nutrition services by assisting in the adoption of measures, systems and to acquire skills required to attain this objective, (iv) increase the output of high-quality trained Zimbabwean health workers, and (v) enhance the roles of MOH, ZNFPC and relevant non-governmental organizations in the planning and management of health, population and nutrition activities at national, provincial, district and community levels.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Family Planning

Increasing the access to high quality family planning services through:

- (1) the carrying out of a training program;
- (2) improving the access to rural outreach services;
- (3) increasing use of long term contraceptive methods;
- (4) carrying out an information, education and communications program;
- (5) expansion of youth advisory services; and
- (6) strengthening the management of the family planning program.

Part B: Maternal and Child Health

Carrying out a maternal and child health improvement program, including:

- (1) the acquisition of standard equipment for facilities in the Project Districts, vehicles and radio communication equipment;
- (2) training and refresher courses for nursing staff;
- (3) training of primary school teachers, acquisition of equipment and provision of school health cards;
- (4) carrying out a study to determine maternal mortality rates in selected areas;
- (5) carrying out periodically, monitoring and evaluation surveys of health and nutrition services and immunization coverage and acquisition of computer equipment including training therefor;
- (6) training of health education officers in communications research, social marketing, planning and program management and training of health workers in communications, and acquisition of communications equipment for the Project Districts;
- (7) training midwifery tutors and expansion of the capacity of eight existing state certified midwifery training schools; and
- (8) strengthening of basic and in-service nursing training.

Part C: Nutrition

Carrying out a program to strengthen nutrition activities in 16 Project Districts, including:

- (1) the carrying out of training courses, study tours and planning workshops;
- (2) strengthening and improving the targeting of the Borrower's Community Food and Nutrition Programme;
- (3) acquisition of vehicles, bicycles and motor-cycles;
- (4) development, testing and production of nutrition kits for use by village community workers;
- (5) carrying out a program to improve breast-feeding, including training and information, education and communication activities;
- (6) carrying out research to facilitate more effective intervention for diarrhea management and infant feeding;
- (7) acquisition of equipment and supplies for iodine testing and selection of sentinel surveillance sites and development of a nutritional surveillance system; and
- (8) acquisition of equipment and supplies, and training of institutional domestic supervisors.

Part D: Rural Health Delivery

Improving access to and the quality of rural health nutrition and family planning services in the Project Districts through:

- (1) the construction or upgrading of district hospitals or facilities, staff housing and training facilities in each Project District, including equipment and furniture; and
- (2) construction or upgrading of rural health centers and staff housing in such Districts.

Part E: Manpower Development

Carrying out a health manpower development program, including:

- (1) extension and strengthening of the Borrower's in-service training system;
- (2) strengthening basic training through development and improvement of induction manuals and teaching modules;
- (3) carrying out specific planning and management analyses and undertaking provincial workshops; and
- (4) decentralizing the personnel function and information system, including training and acquisition of equipment and materials.

Part F: Health Management Strengthening

Improving health management through:

- (1) the development of skills and procedures for planning, ordering, procuring, utilizing, maintaining and disposing of equipment and

materials;

- (2) the implementation of health finance reform, including the carrying out of studies and acquisition of computers and equipment;
- (3) integration of data for decision-making and acquisition of computers, printing of manuals and other training materials; and
- (4) identification of training needs and carrying out of a training program for staff.

Part G: Project Management

Coordinating and monitoring of the Project through the Project Management Unit, including the acquisition of vehicles, computers and associated software and other office equipment.

\* \* \*

The Project is expected to be completed by December 31, 1996.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
November 1, 1996	455,000
May 1, 1997	475,000
November 1, 1997	490,000
May 1, 1998	510,000
November 1, 1998	530,000
May 1, 1999	550,000
November 1, 1999	570,000
May 1, 2000	595,000
November 1, 2000	615,000
May 1, 2001	640,000
November 1, 2001	665,000
May 1, 2002	690,000
November 1, 2002	720,000
May 1, 2003	745,000
November 1, 2003	775,000
May 1, 2004	805,000
November 1, 2004	835,000
May 1, 2005	870,000
November 1, 2005	900,000
May 1, 2006	935,000
November 1, 2006	975,000
May 1, 2007	1,010,000
November 1, 2007	1,050,000
May 1, 2008	1,090,000
November 1, 2008	1,135,000
May 1, 2009	1,175,000
November 1, 2009	1,220,000
May 1, 2010	1,270,000
November 1, 2010	1,320,000
May 1, 2011	1,385,000

---

\* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the

premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

#### SCHEDULE 4

#### Procurement and Consultants' Services

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

##### Part A: International Competitive Bidding

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

2. To the extent practicable, (a) contracts for goods shall be grouped in bid packages estimated to cost the equivalent of \$100,000 or more each, and (b) contracts for works shall be grouped in contracts with an average value of the equivalent of \$17,000,000 each.

3. Prior to preparing tender documents for the construction of district hospitals, the Borrower shall send the final designs for each such hospital to the Bank for its review and approval.

4. The Borrower shall establish procedures whereby each of its provinces eligible for the construction or upgrading of a rural health center under Part D.2 of the Project shall prepare for submission to the Bank by not later than December 31, 1991, a justification for the sub-project in each such province. Designs for such sub-projects shall not be finalized and tender documents shall not be prepared until the Bank has reviewed and approved each such sub-project.

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

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Zimbabwe may be granted a margin of preference in accordance with, and subject to,

the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Items or groups of items of goods estimated to cost less than the equivalent of \$100,000 per contract may be procured under contracts awarded on the basis of competitive bidding, advertised locally in accordance with procedures satisfactory to the Bank provided however that the aggregate value of such contracts shall not exceed the equivalent of \$2,000,000.

2. Miscellaneous items of goods, supplies and materials estimated to cost less than \$25,000, which cannot be bulked in bidding packages estimated to cost more than \$25,000 per contract up to an aggregate amount not to exceed the equivalent of \$1,000,000 may be procured under contracts awarded on the basis of comparison of price quotations solicited from at least three suppliers from at least three different countries eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

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

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

SCHEDULE 5

Implementation Program

1. MOH shall, subject to the provisions of this Agreement, be responsible for the overall coordination, monitoring and supervision of activities under the Project. MOH shall be assisted in this function by various departments or instrumentalities of the Borrower, including ZNFPC, its Ministries of Public Construction and National Housing, Water and Energy, Cooperative and Community Development, Education, Agriculture, Local Government, Rural and Urban Development and institutions belonging to the Zimbabwe Association of Church Hospitals.

2. In order to facilitate implementation and maximize the development impact of the Project, the Borrower shall establish a Project Advisory Committee with the primary function of ensuring that the objectives and activities of the Project are understood and to provide guidance, make recommendations on managerial and

financial requirements and generally to review progress in the carrying out of the Project. The Committee shall be composed of:

- (1) the Permanent Secretary of MOH or in his absence the Principal Medical Director, who shall be Chairman;
- (2) the Project Manager referred to in paragraph 3 below;
- (3) Heads of MOH's Departments of Maternal and Child Health, Health Manpower, Health Planning and Management, Administration and Finance and Nursing;
- (4) the Executive Director of ZNFPC; and
- (5) representatives of the Borrower's other Ministries referred to in paragraph 1 of this Schedule.

The Committee shall meet as often as necessary to carry out its objectives but at least on a quarterly basis.

3. The Project Management Unit which shall carry out the day-to-day monitoring and coordination of the Project shall consist of the Project Manager, the Deputy Manager, a financial officer, an accountant, a physical planner, a commissioning officer, a procurement officer and an adequate number of support staff. The Project Management Unit shall also be assisted by an advisor for physical planning and architecture.

4. The Project Management Unit shall consolidate quarterly reports on the Project within six weeks after the end of each quarter and furnish such reports to the Project Advisory Committee for its review and comments. The Project Advisory Committee after such review shall furnish consolidated semiannual reports satisfactory to it to the Bank within eight weeks of the end of each such six month period.

5. (a) Not later than May 15 of each year, beginning from May 15, 1992, the Borrower shall cause to be prepared and submitted to the Bank for its review and comments annual plans, including budgets, in respect of the Project covering the period of 12 months commencing on the following July 1.

(b) Each such plan shall contain information satisfactory to the Bank and, after review and comments thereto, the Borrower shall implement plans for the Project for the year in question, having due regard to any comments emanating from the Bank.

#### SCHEDULE 6

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) and (2) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount of \$250,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

3. After the Bank has received evidence satisfactory to it that

the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

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

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

Special

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

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

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

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories for the Project, less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories for the Project shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request,

refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

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

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

