

CONFORMED COPY

CREDIT NUMBER 1837 GUI

(Health Services Development Project)

between

REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 16, 1987

CREDIT NUMBER 1837 GUI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 16, 1987, between REPUBLIC OF GUINEA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

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

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

(b) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to exchanges of letters dated February 22, 1986 and March 12, 1986, and February 16, 1987 and April 13, 1987 between the Borrower and the Association;

(c) "Fiscal Year" and "FY" mean the Borrower's fiscal year, which coincides with the calendar year;

(d) "Guinean Franc" and "GNF" mean the currency of the Borrower;

(e) "Project Prefectures" means the prefectures of Labe, Dalaba, Lelouma, Pita and Tougue in the Region of Middle Guinea;

(f) "AGBEF" means the Association Guineenne pour le Bien-Etre Familial, a private non-profit organization operating pursuant to the revised statutes dated April 1, 1987;

(g) "MSAS" means the Ministere de la Sante et des Affaires Sociales of the Borrower, operating pursuant to decree No. 010/PRG/86 of March 25, 1986 and arrete No. 018/M SAS/CAB of April 4, 1986; and

(h) "SEAS" means the Secretariat d'Etat aux Affaires Sociales of the Borrower, operating pursuant to decree No. 011/PRG/86 dated March 25, 1986.

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 fifteen million one hundred thousand Special Drawing Rights (SDR 15,100,000).

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

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in a commercial bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The

unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1993, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge at the rate of one-half of one percent (1/2 of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue from a date sixty days after the date of the Development Credit Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or shall be cancelled.

(b) 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 June 15 and December 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 15 and December 15 commencing December 15, 1997 and ending June 15, 2027. Each installment to and including the installment payable on June 15, 2007, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

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 MSAS with due diligence and efficiency and in conformity with appropriate administrative, financial, training and health practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall maintain a revolving account in local currency in a commercial bank exclusively for the purposes of the Project and shall, after the initial deposit therein set forth in Section 6.01 of this Agreement, replenish such account as and when required to ensure that, on the first day of each calendar quarter during each year the Project is executed, an amount satisfactory to the Association shall be available to MSAS in such account to finance the estimated cost in local currency of the Project in such quarter.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. To administer and coordinate the Project, the Borrower shall maintain the Project Management Unit (PMU) reporting to MSAS' Director of Cabinet and with staff in numbers and with experience and qualifications satisfactory to the Association. The said staff shall include a national coordinator, an architect, a procurement officer, a forwarding agent, an accountant and support staff.

Section 3.04. The Borrower shall maintain MSAS' Technical Coordination Committee (TCC), chaired by MSAS' Cabinet Director. The TCC shall meet at least once every quarter in order to review progress achieved in the execution of the Project and the program of activities to be carried out under the Project during the following two quarters. The TCC shall also review and evaluate on-going programs and projects in the health sector and of MSAS, coordinate such programs and projects and contribute to the development of strategies for the health sector.

Section 3.05. The Borrower shall:

(a) not later than March 31, 1988, submit to the Association for its review and comments a policy and plan of action for the supply of drugs to the population; and

(b) promptly thereafter, implement such policy and plan as shall have been satisfactory to the Association.

Section 3.06. The Borrower shall, not later than September 30 of each year starting in 1988, submit to the Association for its review and comments:

(a) the expenditures made for investments in the health sector in the previous Fiscal Year;

(b) proposed investments in the health sector for the following three FYs, including estimates of annual recurrent costs associated with each such investment;

(c) proposed health sector recurrent budget for the following FY;

(d) a program of staff deployment for the following FY, based on a detailed assessment of the achievement of the geographic distribution and allocation targets for health sector personnel for the on-going FY;

(e) a report on the implementation of the Borrower's drug policy;

(f) a plan of action for the activities to be carried out during the following FY under Parts B.3 (g) and B.3 (h) of the Project; and

(g) the technical and management training programs for the following FY, such programs to take into account the detailed evaluation of training programs undertaken during the previous FY.

Section 3.07. The Borrower shall, not later than November 30 of each year starting in 1988, hold aid coordination meetings for the health sector, to which all aid agencies participating in the financing of health sector activities shall be invited.

Section 3.08. (a) For the purpose of Part B.5 of the Project, the Borrower shall:

- (i) recover the cost (excluding salaries) of drugs and services provided to the public through its health facilities to be renovated under Part B of the Project, according to a fee schedule and timetable satisfactory to the Association; such cost recovery to be introduced in each health facility upon receipt of an initial stock of drugs;
- (ii) open and thereafter maintain, in a manner satisfactory to the Association, an account in a commercial bank, and deposit therein the proceeds of the sale of drugs financed out of the proceeds of the Credit or out of any other deposits made in said account;
- (iii) not later than June 30, 1988, submit to the Association for its review and comments, an action plan and timetable for the introduction of cost recovery for drugs and medical services in the remaining health facilities in the Region of Middle Guinea, and, promptly thereafter, implement such action plan as shall have been satisfactory to the Association; and
- (iv) submit to the Association, not later than September 30 of each year, for its review an evaluation of the cost recovery activities carried out in the Region of Middle Guinea together with proposals for improvement and further extension of such activities.

(b) The Borrower undertakes that: (i) all funds in the account referred to in paragraph (a) (ii) of this Section shall be used exclusively for the purchase of drugs to be resold to the public and, inasmuch as funds are available, for the financing of non-salary recurrent expenditures of such health facilities, and (ii) the proceeds of such sales shall be deposited only in the said account.

Section 3.09. The Borrower shall: (a) submit to the Association for its approval: (i) the names, function and qualifications of the candidates for training on foreign fellowships financed out of the proceeds of the Credit; and (ii) the program of the training to be undertaken by them; and (b) take all necessary measures to ensure that all staff having received such training remain assigned to tasks for which they were trained for a period of at least three years after its completion.

ARTICLE IV

Other 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 AGBEF and of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

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

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

Section 4.02. The Borrower shall cause each health or family planning institution whose expenditures are financed in part or in total out of the proceeds of the Credit:

(a) to carry out its operations and conduct its affairs in accordance with sound administrative, financial, technical, health and family planning practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and

(b) at all times to operate and to maintain its buildings, furniture, equipment and other property, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial, health and family planning practices.

Section 4.03. The Borrower shall afford the Association an opportunity to comment on any proposals to reorganize or restructure MSAS in a manner affecting the achievement of the objectives of the Project before committing itself to such reorganization or restructuring.

ARTICLE V

Remedies of the Association

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

(a) the arrete referred to in Section 6.01 (c) of this Agreement shall have been amended, suspended, abrogated, repealed or waived without prior approval of the Association; and

(b) any of the instruments establishing the unit referred to in Section 3.03 of this Agreement or the Committee referred to in Section 3.04 of this Agreement shall have been amended, suspended, abrogated, repealed or waived without prior approval of the Association.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified: any event specified in Section 5.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Borrower.

ARTICLE VI

Effective Date; Termination

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

(a) the MSAS units responsible for the execution of the Project have been fully staffed as set forth in Schedule 5 to this Agreement;

(b) financial management and control systems for the hospitals and health centers to be renovated under the Project are effectively in place;

(c) a joint arrete has been signed by the Ministers in charge of Finance and Health authorizing the retention by health facilities in the Project Prefectures of funds collected through cost recovery activities;

(d) a Project accounting system satisfactory to the Association has been set up; and

(e) the Borrower has opened the account referred to in Section 3.01 (b) of this Agreement and has deposited therein an initial amount of GNF 86 million.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. The obligations of the Borrower under Article IV of this Agreement and the provisions of Section 5.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date 15 years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Health and Social Affairs of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministere de la Sante et des Affaires Sociales
B.P. 585
Conakry
Republique de Guinee

Cable address:

MINISANTE

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

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 GUINEA

By /s/ Tolo Beavogui
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

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

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Amount of the Credit Allocated (Expressed in	% of Expenditures
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Category	SDR Equivalent)	to be Financed
(1) Works		
(a) for Part B.1 (a)	6,900,000	100%
(b) for Part B.1 (b)	380,000	100%
(2) Furniture, equip- ment, vehicles and materials	1,380,000	100% of foreign expenditures and 85% of local expenditures
(3) Drugs	540,000	100% in FY 1987 and FY 1988 80% in FY 1989 50% in FY 1990 30% in FY 1991 and finally 20% in FY 1992
(4) Consultants' services and training	3,370,000	100%
(5) Goods and services for Parts A.2 (d) and B.3 (d)	80,000	100%

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(6) Goods and services		
(a) for Part B.3 (g)	80,000	95%
(b) for Part B.3 (h)	80,000	95%
(7) Operating costs	380,000	60% in FY 1987 and FY 1988 40% in FY 1989 20% in FY 1990 and finally 10% in FY 1991
(8) Refunding of Project Prepara- tion Advance	730,000	Amount due pur- suant to Section 2.02 (c) of this Agreement
(9) Unallocated	1,180,000	
TOTAL	<u>15,100,000</u>	

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;

(c) the term "works" means civil works carried out by contractors and excludes goods and services to be provided by

local communities for the construction or rehabilitation of health facilities; and

(d) the term "operating costs" means incremental Project-related expenditures incurred by MSAS for supplies, operation and maintenance of vehicles and equipment, maintenance of buildings, per diem and domestic travel of MSAS staff in charge of executing the Project, and utilities (water, power and telecommunications) for the Project Management Unit referred to in Section 3.03 of this Agreement.

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;

(b) payments made for expenditures to be financed from the proceeds of the Credit allocated to Category (3) unless the account referred to in Section 3.08 (a) (ii) of this Agreement has been opened;

(c) payments made for expenditures to be financed from the proceeds of the Credit allocated to Category (5) unless the Borrower has entered into an agreement with AGBEF for the execution of Parts A.2 (d) and B.3 (d) of the Project on terms and conditions satisfactory to the Association; and

(d) payments made for expenditures to be financed in any FY from the proceeds of the Credit allocated to Categories 6(a) and 6(b) respectively unless the Borrower has submitted to the Association plans of action for the activities to be undertaken to carry out Part B.3 (g) and Part B.3 (h) respectively of the Project during such FY, which shall in each case have been satisfactory to the Association.

SCHEDULE 2

Description of the Project

The objectives of the Project are to improve the quality and efficiency of basic health services, through the strengthening of the Borrower's institutions and policies in the health sector, investments in the Middle Guinea Region and development of cost recovery schemes.

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: Institutional Development of MSAS

1. Strengthening of MSAS support functions, including:

(a) financial and operational planning through inter alia the establishment of: (i) a system for the preparation and updating of the rolling 3-year health investment program; and (ii) improved external aid coordination mechanisms;

(b) manpower planning, through inter alia periodic assessments of the staffing needs of all MSAS units and the implementation of a program for the redeployment of MSAS staff;

(c) financial management, including strengthening of budgeting and accounting functions and development and evaluation of cost recovery policy and schemes; and

(d) maintenance services through inter alia the renovation of the national maintenance workshop of MSAS and the design and implementation of a preventive maintenance system for MSAS

vehicles, equipment and buildings.

2. Strengthening of MSAS technical functions, including:

(a) technical in-service training including development of teaching materials;

(b) management training for central level staff;

(c) strengthening of maternal and child health and family planning services;

(d) assistance to AGBEF in the establishment of a distribution network for non-medical contraceptives, including renovation and equipment of a warehouse;

(e) implementation of activities in support of women's development and strengthening of SEAS' women's training centers division;

(f) establishment of a nutrition surveillance system, and development of reporting and analysis of health and nutrition statistics;

(g) implementation of a health education program, including the development of outreach activities, and radio and audio-visual programs.

Part B: Development of Health Sector Operations in Middle Guinea

1. Rehabilitation and reconstruction of health facilities, including:

(a) prefectoral hospitals of Lelouma, Pita, Labe, Dalaba and Tougue and five urban health centers; and

(b) about twelve rural health centers.

2. (a) Strengthening of regional health management in the Region of Middle Guinea at the levels of the regional inspector of health and social affairs, and the prefectoral directors of health and social affairs of Labe, Dalaba, Lelouma, Pita and Tougue, including staff training; and

(b) improvement of responsiveness of health centers to community needs through the establishment of about 17 Health Committees.

3. Strengthening of basic health services at the local and prefectoral levels including:

(a) strengthening of MSAS' regional maintenance service in Labe, including establishment and management of a preventive maintenance system at the regional level;

(b) strengthening of maternal and child health services and related outreach activities;

(c) introduction of family planning services in the Project Prefectures, and renovation of 5 prefectoral women's training centers;

(d) development of outreach activities to promote maternal and child health and family planning in the Project Prefectures;

(e) development of local and regional capabilities to carry out nutrition surveillance and education;

(f) testing of information, education and communications programs developed by MSAS;

(g) support to small self-help health-related projects in

about 72 communities; and

(h) support to social and economic activities to be undertaken by women's cooperatives through provision of equipment and materials.

4. Upgrading skills of regional health personnel, through training of staff trainers to train: (a) all paramedical and social services staff in facilities to be renovated under Part B of the Project; and (b) traditional birth attendants in about 72 villages.

5. Improving financial management in facilities to be rehabilitated under Part B of the Project, development of cost recovery activities at the health center level and strengthening of cost recovery at the hospital level.

* * *

The Project is expected to be completed by June 30, 1993.

SCHEDULE 3

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. Bidders for the works included in Part B.1 (a) of the Project shall be prequalified as described in paragraph 2.10 of the Guidelines.

3. To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost the equivalent of \$75,000 or more each.

Part B: Preference for Domestic Contractors

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

Part C: Other Procurement Procedures

1. Civil works estimated to cost less than the equivalent of \$400,000 per contract, and goods estimated to cost less than the equivalent of \$75,000 per contract up to an aggregate amount not to exceed the equivalent of \$400,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Goods estimated to cost less than the equivalent of \$10,000 per contract, up to an aggregate amount not to exceed the equivalent of \$100,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

3. Contracts for the production of radio and television health education programs may be procured under contracts directly

negotiated with a single supplier acceptable to the Association.

4. Medical equipment and drugs may be procured through the United Nations Children Fund in accordance with said Fund's own procedures.

Part D: Review by the Association of Procurement Decisions

1. Review of prequalification:

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

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

(a) With respect to each contract for works included in Part B.1 of the Project and to each contract estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

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

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

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

Section II. Employment of Consultants

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

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, provided that, in the case of Categories (3), (5) and (6), the Borrower has the right to make withdrawals from such Categories pursuant to the provisions of paragraph 3 of Schedule 1

to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$400,000 to be withdrawn from the Credit Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Association requests for replenishment of the Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association when either of the following situations first arises:

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

(ii) the total unwithdrawn amount of the Credit allocated to the eligible Categories, minus the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligi-

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

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule, or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association, deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Association into the Special Account shall be made until the Borrower has made such deposit or refund.

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

SCHEDULE 5

Minimum Staffing for Central MSAS Units to be Strengthened Under the Project

A. Division of Prevention and Primary Health Care

1. Maternal and Child Health (MCH) and Family Planning (FP) Service

1 Chief - MD

2 MDs with specialization in MCH and FP

1 Accountant

1 Secretary/typist

2. Health Education Service

1 Chief - MD or Social Scientist with training in Mass Communications

1 Assistant, Social Scientist with IEC training

1 IEC Applied Researcher

1 Specialist in IEC training and curriculum development

3. Nutrition Service

1 Chief - MD with training in Nutrition

1 Nutrition Specialist

B. Division for Women's Training Centers

1 Director - Social Scientist with training in women's programs.

1 Chief - Social Scientist/Social Worker

1 Accountant

- 1 Clerk/typist
 - 1 Chief - Social Worker with training skills
 - 1 Specialist in Women's Cooperatives
 - 1 Clerk/typist
 - C. Division for Infrastructure, Equipment and Maintenance
 - 1 Director - Architect or Health EngineerMedical Equipment Maintenance Service
 - 1 Chief - Medical equipment maintenance technician
 - 1 Technician
 - D. Division of Administrative and Financial Affairs
 - 1 Director - Administrator/Accountant
 - 1 Accountant/Finance Officer
 - 1 Administrative Assistant
 - 1 Administrative Clerk
 - 1 SecretaryHuman Resources Service
 - 1 Chief, Specialist in Human Resource Management
 - 1 Health Personnel Officer
 - 1 Social Affairs Personnel Officer
 - 1 Administrative Personnel Officer
 - 1 Secretary/Typist
 - E. Division of Studies, Planning, Training and Research
 - 1 Director
 - 1 Senior Health Planner
 - 1 Health Economist
 - 1 Medical Statistician
 - 1 Documentalist
 - 1 Programmer
 - 1 Secretary/typistTraining and Research Service
 - 1 Chief - Epidemiologist
 - 1 Training Specialist
 - 1 Clerk/typist
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