

CONFORMED COPY

CREDIT NUMBER 3054 GM

Development Credit Agreement

(Participatory Health, Population and Nutrition Project)

between

REPUBLIC OF THE GAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 15, 1998

CREDIT NUMBER 3054-GM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 15, 1998, between REPUBLIC OF THE GAMBIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received from the Borrower a letter, dated February 20, 1998, describing a program of actions, objectives and policies designed to improve the quality and access to health services in its territory and providing assurances to the Association as to an adequate level of expenditure to be foreseen in the national budget for the health sector (the Program), and declaring the Borrower's commitment to the execution of such Program; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01 The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through December 2, 1997) constitute an integral part of this Agreement.

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

(a) "Bamako Initiative" means the Borrower's initiative adopted in Bamako, Mali, in September 1987, under which local communities collect the proceeds of the sale of essential drugs and other medical supplies and use such proceeds to replenish essential drugs and medical supplies as well as to finance small-scale projects in family health;

(b) "Beneficiary" means a community or group which meets the criteria specified in the LIF Implementation Manual (as hereinafter defined), to which or for whose benefit a Grant is made or proposed to be made, for a LIF Micro-project (as hereinafter defined) under the Project;

(c) "DSH" means the Borrower's Department of State for Health, Social Welfare and Women's Affairs;

(d) "GAFNA" means the Gambia Food and Nutrition Association, a non-governmental organization established and operating under the laws of the Borrower;

(e) "GAMBLOOD" means the Gambia Blood Association, a charitable organization established and operating under the laws of the Borrower;

(f) "GAMWORKS" means the Gambian Agency for the Management of Civil Works, established under the laws of the Borrower, pursuant to the provisions of the Development Credit Agreement, dated May 11, 1994, between the Borrower and the Association for the financing of the Public Works and Capacity Building Project;

(g) "Grant" means a grant made or proposed to be made to finance a LIF Micro-project (as hereinafter defined) under Part D.3 of the Project;

(h) "HIV" means the Human Immunodeficiency Virus;

(i) "IEC" means Information, Education and Communication;

(j) "IMCI" means the Integrated Management of Childhood Illnesses approach developed by the WHO (as hereinafter defined);

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

(l) "Initial Deposit" means the initial amount to be deposited into the Project Account, as hereinafter defined, pursuant to Section 3.02 (b) of this Agreement;

(m) "Local Initiatives Fund" or "LIF" means a fund, established by the Borrower, to provide Grants to Beneficiaries for carrying out LIF Micro-projects (as hereinafter defined) to improve reproductive health, infant and child health, and nutrition;

(n) "LIF Implementation Manual" means the manual containing the procedures, guidelines, criteria and detailed terms and conditions for LIF Micro-projects;

(o) "LIF Micro-project" means a specific project in the areas of reproductive health, infant and child health and nutrition, financed or proposed to be financed through a Grant extended under the Project;

(p) "MRC" means the Medical Research Council, a private, non-profit making

organization established and operating under the laws of the Borrower;

(q) "PIU" means the Project Implementation Unit in DSH which was established by the Borrower in March, 1997 and is to be maintained, pursuant to the provisions of paragraph 3 of Schedule 4 to this Agreement;

(r) "Project Account" means the account referred to in Section 3.02 of this Agreement;

(s) "Project Coordination Committee" means the committee established by the Borrower on September 24, 1996 and is to be maintained, pursuant to the provisions of paragraph 2 of Schedule 4 to this Agreement;

(t) "Project Action Group" means the group to be established by the Borrower, pursuant to the provisions of paragraph 4 of Schedule 4 to this Agreement;

(u) "Project Operations Manual" means the manual, acceptable to the Association, referred to in paragraph 1 of Schedule 4 to this Agreement and to be adopted by the Borrower pursuant to Section 6.01 (c) of the Agreement, which contains the operating procedures for the execution of the Project and model documents for the carrying out of procurement activities under the Project;

(v) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to exchanges of letters dated: (i) July 9, 1993 and August 9, 1993 ; and (ii) May 29, 1997 and June 6, 1997 between the Borrower and the Association;

(w) "Social Marketing" means the process of using commercial marketing channels to sell oral modern contraceptives, condoms, insecticides for mosquito nets and oral rehydration salts, with the objective of increasing the demand for and supply of such commodities;

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

(y) "STI" means Sexually Transmitted Infection;

(z) "UN" means the United Nations;

(aa) "UNFPA" means the United Nations Population Fund;

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

(cc) "WFP" means the World Food Programme of the United Nations; and

(dd) "WHO" means the World Health Organization of the United Nations.

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 thirteen million four hundred thousand Special Drawing Rights (SDR 13,400,000).

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:

(i) 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; and

(ii) amounts paid (or if the Association shall so agree, amounts to be paid) by the Borrower on account of withdrawals made for the benefit of a Beneficiary under the LIF to meet the reasonable cost of goods and services required for a LIF Micro-project to be financed under Part D.3 of the Project, in respect of which withdrawal from the Credit Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in United States dollars a special deposit account in the Central Bank of The Gambia 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 5 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 canceled.

Section 2.03. The Closing Date shall be December 31, 2003, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent ($1/2$ of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on March 1 and September 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each March 1 and September 1 commencing September 1, 2008 and ending March 1, 2038. Each installment to and including the installment payable on March 1, 2018 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

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

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

ARTICLE III

Execution of the Project

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

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

Section 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall:

(a) open and thereafter maintain, until completion of the Project, an account in the Central Bank of The Gambia on terms and conditions acceptable to the Association;

(b) deposit an initial amount of \$100,000 equivalent into the Project Account and thereafter at quarterly intervals, deposit into the Project Account the estimated amount required for expenditures which shall not be financed from the proceeds of the Credit in the following quarter, or any other amount required for the Project, as agreed between the Borrower and the Association in each annual work plan to be established in accordance with the provisions of paragraph 5 of Schedule 4 to this Agreement; and

(c) ensure that the amounts deposited into the Project Account in accordance with paragraphs (a) and (b) of this Section will be used exclusively for the Borrower's counterpart expenditures under the Project and not otherwise financed out of the proceeds of the Credit.

Section 3.03. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.04. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the sustainability of the Project; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

Section 3.05. The Borrower shall by not later than January 1, 2000, adopt a National Nutrition Policy and a plan of action for its implementation, satisfactory to the Association.

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 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, 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 and accounts and the audit thereof as the Association shall from time to time reasonably request.

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

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

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account 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.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, an additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

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 Borrower has opened the Project Account and the initial contribution referred to in Section 3.02 of this Agreement has been deposited therein;

(b) for the purposes of Article IV of this Agreement, the Borrower has appointed an auditor in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(c) the Borrower has adopted the Project Operations Manual, including an Accounting Procedure Manual, in form and substance acceptable to the Association;

(d) the Borrower has appointed a financial controller and an accountant to the PIU, in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(e) the Borrower has installed a computerized accounting software, acceptable to the Association and has carried out a training program for the accounting staff in the PIU on the use of such software; and

(f) the Borrower has entered into the agreement, satisfactory to the Association, with GAMWORKS referred to in paragraph 11 of Schedule 4 to this Agreement.

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

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Secretary of State for Finance and Economic 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:

Department of State for Finance
and Economic Affairs
The Quadrangle
Banjul
Republic of The Gambia

Cable address:

MINFIN
Republic of The Gambia

Telex:

2264

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in

the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF THE GAMBIA

By /s/ Crispin Grey-Johnson

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jean-Louis Sarbib

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	1,800,000	100% of foreign expenditures and 90% of local expenditures
(2) Goods	2,400,000	100% of foreign expenditures and 90% of local expenditures
(3) Pharmaceuticals	700,000	100% of foreign expenditures and 90% of local expenditures
(4) Consultants' services and audits	3,400,000	100%
(5) Training	1,720,000	100%
(6) Grants under the LIF	330,000	100%
(7) Operating costs	1,090,000	90%
(8) Maintenance	190,000	50%
(9) Refunding of Project Preparation Advance	550,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(10) Unallocated	1,220,000	

reproductive age, their families and communities.

(c) Increasing awareness and promoting attitudinal changes towards female genital mutilation, through community-based IEC campaigns directed towards women of reproductive age, older women and men, and community and religious leaders.

(d) Increasing knowledge about the factors contributing to maternal mortality, through carrying out maternal death audits of maternal deaths occurring in health facilities and communities.

2. Prevention of Unwanted Pregnancies

(a) Increasing the demand for family planning services and contraception, through IEC and Social Marketing directed towards men and women of reproductive age and older women and men, community and religious leaders.

(b) Increasing the acquisition and supply of contraceptives, through Social Marketing.

3. Prevention and Control of STIs and HIV

(a) Increasing knowledge about STIs and HIV, promote preventive practices, and encourage healthy behavior for treatment of STIs, through IEC, directed towards women and men of reproductive age, their families and communities.

(b) Improvement in the diagnosis and treatment of STIs, through: (i) completion of a training curriculum on syndromic management; (ii) provision of clinical in-service training for health providers in syndromic management; (iii) development of clinical practice guidelines; (iv) revision of nurse and midwifery curricula to include syndromic management of STIs; (v) introduction of prenatal screening of women for STIs; and (vi) acquisition of equipment and supplies for testing for STIs and drugs for treatment.

Part B: Integrated Management of Childhood Illnesses

1. Introduction and implementation of the IMCI in the territory of the Borrower, through: (a) training of core facilitators; (b) carrying out surveys to assess the current infant and child health situation; (c) carrying out of a national IMCI orientation workshop; (d) establishment of an IMCI task force; (e) development of a preparation plan; (f) adaptation of generic IMCI material to the conditions in the Borrower's territory; (g) production of diagnostic and therapeutic materials for health workers with limited literacy capacity; (h) pre-testing and dissemination of materials; (i) training of trainers; (j) training of health workers in the implementation and supervision of IMCI; (k) revision of pre-service training curricula; (l) carrying out of an IEC campaign directed at parents; (m) continuous monitoring and evaluation, supervision, operations research and technical studies in support of the above; (n) carrying out staff capacity surveys; and (o) evaluation of IMCI program.

Part C: Nutrition Policy and Services for Women, Infants and Children

1. Nutrition Policy Formulation and Institutional Strengthening

(a) Preparation and adoption of a national nutrition policy and action plan for its implementation, through the provision of technical advisory services and acquisition of goods, for continuing inter-sectoral coordination in the field of nutrition.

(b) Implementation of an IEC strategy to create awareness about nutrition among the policy makers and the general population.

(c) Designing and carrying out of a training program for policy and program analysis, information collection and appropriate interventions in the field of nutrition.

(d) Development and implementation of an improved anthropometric data collection survey system.

2. Community and Micro-Nutrient Approaches to Improve the Nutritional Status of Women and Young Children

(a) Development and implementation of a nutrition education strategy through: (i) provision of technical advisory services to assess and redesign field level nutritional education activities; and (ii) training of village-based volunteers as peer counselors, and of community health nurses and traditional birth attendants in implementing nutrition education activities.

(b) Carrying out surveys to assess maternal food supplementation programs.

(c) Testing and evaluation of a pilot program to provide food supplements and to increase self-sufficiency of communities in the production thereof.

(d) Review and refinement of strategies to address micro-nutrient malnutrition.

(e) Carrying out a training program for field staff for the above-mentioned activities.

(f) Development and generation of materials for an IEC campaign for the prevention and control of micro-nutrients deficiencies.

(g) Acquisition of equipment and vehicles for the DSH Nutrition Unit.

Part D: Management and Implementation of a Family Health Program

1. Capacity Building and Policy Development

(a) The expansion of the Bamako Initiative; (b) coordination of IEC activities; (c) the development of a comprehensive Health Management Information System; (d) the development of health mapping capacity; (e) strengthening capacity in the area of applied research; (f) development of a staff retention strategy and regular staff surveys; (g) development of a health financing policy; (h) updating and partial implementation of the National Drug Action Program; and (i) development of a maintenance policy for the Borrower's health facilities, all through the provision of technical advisory services and the acquisition of goods.

2. Upgrading and Maintenance of Health Infrastructure

(a) Construction, rehabilitation, and refurbishing of a selected number of dispensaries, waiting sheds in front of dispensaries, latrine blocks in dispensaries, staff quarters in remote facilities, maternal wards in health centers and limited refurbishment of selected surgery theaters.

(b) Support to the maintenance of health facilities, including buildings and equipment at the primary and secondary level, as well as vehicles.

(c) Acquisition of medical equipment and supplies for dispensaries, surgery theaters, laboratories and blood banks, and of office equipment and vehicles.

(d) Increase the supply of blood through blood-donor mobilization.

3. Local Initiative Fund (LIF)

(a) Provision of Grants for the financing of activities in the areas of reproductive health, infant and child health and nutrition in the territory of the Borrower.

(b) Strengthening the administrative and operational capacities of the LIF through the provision of technical advisory services, training, and the acquisition of equipment.

(c) Development and implementation of an information, education and communication strategy for LIF.

(d) Monitoring and supervision of LIF field activities.

4. Project Management

Provision of technical advisory services for the supervision, coordination, monitoring and evaluation of the Project.

* * *

The Project is expected to be completed by June 30, 2003.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Good and Works

Part A: General

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

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods and works estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$700,000 equivalent for goods and \$1,900,000 equivalent for works, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$25,000 equivalent per contract, up to an aggregate amount not to exceed \$1,000,000 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.

3. Direct Contracting

Goods costing \$5,000 equivalent per contract, up to an aggregate amount not to exceed \$50,000, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

4. Procurement from UN Agencies

Goods, essential drugs and contraceptives may be procured from IAPSO, UNFPA, UNICEF, WFP, WHO or other UN agency acceptable to the Association, in accordance with the provisions of paragraph 3.9 of the Guidelines.

5. Procurement of Small Works Works estimated to cost less than \$25,000 equivalent per contract, up to an aggregate amount not to exceed \$1,600,000 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.

6. Community Participation

Goods and works required for Part D.3 of the Project shall be procured in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

With respect to each contract for goods or works estimated to cost the equivalent of \$100,000 or more, and to the first five contracts for works and goods procured under National Competitive Bidding procedures each calendar year, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September, 1997 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

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.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services procured through contracts with consulting firms estimated to cost less than \$75,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Least-cost Selection

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

3. Single Source Selection

(a) Services for: (i) the delivery of nutrition programs under Part C of the Project, (ii) the mobilization of blood donors under Part D of the Project, and (iii) research activities under Part D.1 (e) of the Project may, with the Association's

prior agreement, be procured from GAFNA, GAMBLOOD and from MRC respectively in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

(b) The contract with GAFNA shall provide for the consultants to carry out all procurement under such contract in accordance with this Schedule 3 to the Development Credit Agreement.

4. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.01 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 \$75,000 or more, and to all contracts procured through direct negotiation, 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 the equivalent of \$35,000 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, provided that the terms of reference for all consulting assignments shall be subject to prior review and approval by the Association.

SCHEDULE 4

Implementation Program

1. Except as the Association shall otherwise agree, the Borrower shall execute the Project in accordance with the provisions of the Project Operations Manual and with the contents of the annual work plans to be established in accordance with paragraph 5 of this Schedule 4. Such Project Operations Manual and annual work plans shall not be amended or waived, in whole or in part, in a manner which, in the opinion of the Association, would materially and adversely affect the execution of the Project and the achievement of its objectives.

2. The Borrower shall maintain the Project Coordination Committee, comprised of representatives from the National Population Secretariat, DSH, Department of State for Local Government and Lands, Department of State for Finance and Economic Affairs, to provide overall guidance for the Project.

3. The Borrower shall maintain the PIU in DSH, which shall be responsible for the day-to-day management of the Project. The PIU shall be headed by a Project Manager, supported by a deputy project manager, a financial controller, an accountant, a

procurement officer and a senior health, population and nutrition adviser, all with experience and qualifications acceptable to the Association and employed in accordance with the provisions of Section II of Schedule 3 to this Agreement. The PIU shall be responsible for the management and coordination of the Project, including: (a) the management of Project funds; (b) installation and maintenance of sound financing and accounting procedures; (c) procurement activities; (d) reporting to the Borrower and the Association; (e) organizing annual reviews of the Project; (f) ensuring coordination of all training activities; and (g) coordinating the monitoring and evaluation of performance indicators by the Project implements.

4. The Borrower, shall by not later than thirty (30) days after the Effective Date, establish and maintain the Project Action Group chaired by the Project Manager, to act as the interface between the implements of the Project, i.e. the DSH line Unit Managers and the Directorate of Community Development, and the PIU. The Project Action Group shall be comprised of the Director of Health Services, designated unit heads, the Director of Planning and Information, the Director of Support Services, the Chief Nursing Officer, the Nutrition Coordinator, the IEC Coordinator, the Bamako Initiative Coordinator, and the Director of Community Development. The Project Action Group shall ensure the operational effectiveness of the Project, including coordination and collaboration, identifying problems and solutions, information sharing, providing progress reports and monitoring information and preparing draft work plans and budgets.

5. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators, satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) undertake, with the Association, annual reviews of the progress in the execution of the Project and the achievement of its objectives, at dates established pursuant to paragraph (d) below;

(c) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, not later than one month prior to each annual review, 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 and the work plan and budget recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(d) review with the Association, by October 1 of each year during execution of the Project, or such later date as the Association shall request, the report referred to in paragraph (c) of this Section and, thereafter, adopt and carry out the annual work plan and budget established in agreement with the Association.

6. (a) The Borrower shall, not later than June 30, 2001, carry out jointly with the Association a mid-term review. Such review shall assess the following: (i) the overall progress in the implementation of the Program and the Project; (ii) the results of the monitoring and evaluation activities; (iii) an evaluation of IMCI and LIF; and (iii) progress on procurement and disbursement.

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

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

LIF

7. Part D.3 (a) of the Project shall be carried out in accordance with the eligibility criteria, procedures, and terms and conditions specified in detail in the

LIF Implementation Manual. The provisions of such LIF Manual shall not be amended or waived in a manner which, in the opinion of the Association, would materially and adversely affect the execution of Part D.3 (a) of the Project and the achievement of the objectives thereof. The LIF shall be managed by the Directorate of Community Development within the Department of State for Local Government and Lands.

8. The first five Micro-projects shall be subject to prior review and approval by the Association.

9. Eligibility Criteria for Micro-projects

Micro-projects shall be for activities in the areas of reproductive health, infant and child health and nutrition in accordance with the eligibility criteria, procedures and guidelines set forth in the LIF Implementation Manual.

10. Terms and Conditions of Grants made for Micro-projects

For purposes of financing Micro-projects, the Borrower shall enter into appropriate arrangements with Beneficiaries, under terms and conditions satisfactory to the Association, which shall include the following:

(a) the obligation of the Beneficiary to carry out the Micro-project with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Micro-project;

(b) the requirement that: (i) the goods, works and services to be financed from the proceeds of the Credit shall be procured in accordance with the procedures ensuring efficiency and economy, and (ii) such goods, works and services shall be used exclusively in the carrying out of the Micro-project;

(c) the right of the Borrower to inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Micro-project, the operations thereof and any relevant records and documents;

(d) the right of the Borrower to obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operation and financial conditions of the Micro-project; and

(e) the right of the Borrower to suspend or terminate the right of the Beneficiary to use the proceeds of the Credit for the Micro-project upon the failure by the Beneficiary to perform any of its obligations.

11. The Borrower shall enter into an agreement, satisfactory to the Association, with GAMWORKS for the purposes of managing the civil works contracts under Part D.2 of the Project.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (8) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$875,000, to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an

amount equivalent to \$500,000, until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 5,000,000.

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

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

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

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

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

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

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

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

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such

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

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

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

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

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

