

CONFORMED COPY

CREDIT NUMBER 3548 CD

Development Credit Agreement

(Second Population and AIDS Project)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 12, 2001

CREDIT NUMBER 3548 CD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 12, 2001, between REPUBLIC OF CHAD (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 a letter dated June 8, 2001 from the Borrower, describing a set of actions, objectives and policies designed to fight the HIV/AIDS epidemic and prevent unwanted pregnancies (hereinafter called the Strategy), and declaring therein the Borrower's commitment to the execution of the Strategy; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

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

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

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

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

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

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

(a) "CFA Francs" or "CFAF" means Franc de la Coopération Financière en Afrique Centrale, the currency of the Borrower;

(b) "CPPA" means the Central Pharmaceutical Purchasing Agency, an administrative autonomous entity (Etablissement Public) established by the Borrower pursuant to Law No. 33/PR/94 dated October 22, 1994, and Decree No. 10/PP/MSP/95 dated January 18, 1995, which provides Medical Products (as hereinafter defined) to public and non-profit health facilities;

(c) "DPP" means the Borrower's Declaration of Population Policy dated July 22, 1994;

(d) "Eligible Categories" means, in respect of the Special Account for Parts A, B.3, C, D and E of the Project, Categories (1), (2), (3) and (6) set forth in the table in Part A.1 of Schedule 1 to this Agreement; in respect of the Special Account for Part B.1 of the Project, Category (4) set forth in said table; and in respect of the Special Account for Part B.2 of the Project, Category (5) set forth in said table;

(e) "Eligible Expenditures" means, in respect of the Special Account for Parts A, B.3, C, D and E of the Project, the expenditures for goods, works and services referred to in Section 2.02 of this Agreement and to be financed out of the proceeds of the Credit allocated from time to time to said Special Account's respective Eligible Categories; in respect of the Special Account for Part B.1 of the Project, the expenditures for goods, works and services referred to in Section 2.02 of this Agreement and to be financed out of the proceeds of the Credit allocated from time to time to said Special Account's Eligible Category; and in respect of the Special Account for Part B.2 of the Project, the expenditures for goods, works and services referred to in Section 2.02 of this Agreement and to be financed out of the proceeds of the Credit allocated from time to time to said Special Account's Eligible Category;

(f) "FOSAP" means the Fonds de Soutien aux Activités en Matière de Population, established pursuant to the FOSAP Decree (as hereinafter defined) and responsible for the implementation of Part B of the Project ;

(g) "FOSAP Decree" means the Borrower's Decree No. 139/PR/MPAT/98 dated June 1, 1998, creating FOSAP;

(h) "FOSAP Grant" means a grant made, or proposed to be made, by FOSAP to finance a Subproject (as hereinafter defined) under Part B.1 of the Project;

(i) "FOSAP Grant Procedures Manual" means the manual outlining, inter alia, criteria, procedures and guidelines for the preparation, appraisal, selection, administration and supervision of Subprojects to be financed through FOSAP Grants referred to in paragraph 3 of Schedule 4 to this Agreement and adopted pursuant to Section 7.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes any schedules to the FOSAP Grant Procedures Manual;

(j) "FOSAP Micro-credit" means a micro-credit made, or proposed to be made, by FOSAP to finance a Subproject under Part B.2 of the Project;

(k) "FOSAP Micro-credit Procedures Manual" means the manual outlining, inter alia, criteria, procedures and guidelines for the preparation, appraisal, selection, administration and supervision of Subprojects to be financed through FOSAP Micro-credits referred to in paragraph 3 of Schedule 4 to this Agreement and adopted pursuant to Section 7.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes any schedules to the FOSAP Micro-credit Procedures Manual;

(l) "HIV/AIDS" means Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome;

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

(n) "Key Ministries" means the Borrower's Ministry of Communication, Ministry of Justice, Ministry of National Defense and Reinsertion, Ministry of Interior and Security, Ministry of National Education, and Ministry of Social Affairs and Family;

(o) "MASOCOT" means Programme de Marketing Social des Condoms au Tchad, the social marketing unit established at MEPD (as hereinafter defined) and responsible for the implementation of Part C of the Project;

(p) "Medical Products" means essential drugs (with the exception of anti-viral tri-therapy) and packaging, condoms, oral contraceptives, impregnated bed nets, oral rehydration salts, HIV tests, reagents, medical supplies and small medical equipments;

(q) "MEPD" means the Borrower's Ministry of Economic Promotion and Development;

(r) "Monitoring and Evaluation Plan" means the plan outlining the monitoring and evaluation arrangements for the Project, referred to in paragraph 3 of Schedule 4 to this Agreement and to be adopted pursuant to Section 5.02 (b) of this Agreement;

(s) "MOPH" means the Borrower's Ministry of Public Health;

(t) "NGO" means a non-governmental organization established and operating under the laws of the Borrower;

(u) "PCT" means the Project Coordination Team located at MEPD;

(v) "Population Division" means the Population Division of the Directorate of Development Planning at MEPD established by the Borrower, inter alia, to assist the Borrower to implement the DPP;

(w) "Project Account" means the account referred to in Section 3.04 (a) of this Agreement;

(x) "Project Implementation Manual" means the manual outlining, inter alia, the administrative, financial, accounting, disbursement and procurement arrangements, and work plans for the implementation of the Project, referred to in paragraph 3 of Schedule 4 of this Agreement and adopted pursuant to Section 7.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes any schedules to the Project Implementation Manual;

(y) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;

(z) "Project Semester" means the six-month period beginning from the Effective Date and ending six months thereafter (the First Project Semester) and any six-month period beginning at the end of the First Project Semester, or at the end of any subsequent Project Semester;

(aa) "Special Accounts" means the accounts referred to in Part B of Schedule 1 to this Agreement;

(bb) "Steering Committee" means the committee referred to in paragraph 4 of Schedule 4 to this Agreement; and

(cc) "Subproject" means a specific activity financed, or proposed to be financed through a FOSAP Grant under Part B.1 of the Project, or a FOSAP Micro-credit under Part B.2 of the Project.

## 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 nineteen million six hundred thousand Special Drawing Rights (SDR 19,600,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for: (a) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Credit; and (b) amounts paid (or, if the Association shall so agree, to be paid) by the Borrower on account of withdrawals made for the benefit of a beneficiary under a FOSAP Grant or a FOSAP Micro-credit to meet the reasonable cost of goods and services required for a Subproject to be financed under Part B.1 or Part B.2 of the Project, and in respect of which withdrawal from the Credit Account is requested.

Section 2.03. The Closing Date shall be September 30, 2006 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 June 15 and December 15 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 June 15 and December 15 commencing December 15, 2011 and ending June 15, 2041. Each installment to and including the installment payable on June 15, 2021 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 French Republic 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 objective of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out Parts A and E of the Project through PCT, Part B of the Project through FOSAP, Part C of the Project through MASOCOT, and Part D of the Project through the Population Division, with due diligence and efficiency and in conformity with appropriate financial, administrative, environmental 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 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. 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. For the purposes of Section 9.06 of the General Conditions and

without limitation thereto, the Borrower shall:

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

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

Section 3.04. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower shall, for the purposes of making available its counterpart contribution to the financing of the Project:

(a) open and thereafter maintain, for the duration of the Project, an account in CFA Francs (the Project Account) in a commercial bank on terms and conditions satisfactory to the Association;

(b) deposit into the Project Account an initial contribution of CFAF 75,000,000;

(c) thereafter replenish said account up to the initial amount of CFAF 75,000,000 at the end of each Project Semester, or whenever its balance shall be less than CFAF 25,000,000; and

(d) ensure that amounts deposited into the Project Account shall be used exclusively to make payments to meet expenditures made or to be made in respect of the reasonable cost of goods, works and services for the Project in addition to those financed from the proceeds of the Credit.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Accounts for each fiscal year audited, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;

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

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

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

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

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Borrower, not later than eighteen (18) months after the Effective Date, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association, each of which:

- (i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;
- (ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and
- (iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

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

#### ARTICLE V

##### Other Covenants

Section 5.01. (a) The Borrower shall cause the management of FOSAP to maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with accounting standards acceptable to the Association, consistently applied, adequate to reflect its operations and financial condition.

- (b) The Borrower shall cause the management of FOSAP to:
  - (i) ensure that the records, accounts and financial statements of FOSAP (balance sheets, statements of income and expenses and

related statements) for each fiscal semester, be provided to independent auditors acceptable to the Association in view of their audit, in accordance with auditing standards acceptable to the Association, consistently applied;

- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such semester: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such semester as so audited, and (B) an opinion on such statements and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning such records, accounts and financial statements, and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

Section 5.02. (a) The Borrower shall take all measures to have MASOCOT established as a non-profit association to be operated under the Borrower's laws and regulations, in a manner satisfactory to the Association by December 31, 2001.

(b) The Borrower shall adopt the Monitoring and Evaluation Plan, in form and substance acceptable to the Association, by October 31, 2001.

(c) The Borrower shall appoint the auditors referred to in Sections 4.01 (b) and 5.01 (b) of this Agreement, in accordance with the provisions of Section II of Schedule 3 to this Agreement by December 31, 2001.

## ARTICLE VI

### Remedies of the Association

Section 6.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional event is specified, namely, that a situation shall have arisen which shall make it improbable that the Strategy or a significant part thereof will be carried out.

Section 6.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely that the event specified in Section 6.01 of this Agreement shall occur and shall continue for a period of 30 days after notice thereof shall have been given by the Association to the Borrower.

## ARTICLE VII

### Effective Date; Termination

Section 7.01. 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 Project Account has been opened and the initial contribution referred to in Section 3.04 (b) of this Agreement has been deposited therein;

(b) the Borrower has adopted the Project Implementation Manual, the FOSAP Grant Procedures Manual and the FOSAP Micro-credit Procedures Manual, all in form and substance acceptable to the Association;

(c) the Borrower has established a PCT satisfactory to the Association with the following staff: a coordinator, an administration and procurement specialist, a monitoring and evaluation specialist, a chief accountant and an accountant, all appointed in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(d) the Borrower has established the management unit ("bureau") of FOSAP, satisfactory to the Association, with the following staff: an administrator, an



assistant administrator responsible for the FOSAP Grants, a micro-finance specialist responsible for the FOSAP Micro-credits, an internal auditor and an accountant, all appointed in accordance with the provisions of Section II of Schedule 3 of this Agreement;

(e) the Borrower has established the Steering Committee, satisfactory to the Association, with the following members: one representative for MEPD, two representatives for MOPH, one representative for each of the Key Ministries, and four representatives for NGOs and civil society; and

(f) the Borrower has adopted a global action plan, satisfactory to the Association, for the implementation of the DPP, including a one-year plan of activities to be financed by FOSAP based on regional consultations and a work plan for the implementation of Part D of the Project.

Section 7.02. 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 VIII

##### Representative of the Borrower; Addresses

Section 8.01. The Minister of the Borrower at the time responsible for economic promotion and development is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Economic Promotion  
and Development  
B.P. 286  
N'Djamena  
Republic of Chad

Telex:	Facsimile:
5329 KD	(235) 51 51 85 (235) 52 00 87

For the Association:

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

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

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 CHAD

By /s/ Ahmat Soubiane Hassallah

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Robert Calderisi

Acting Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Works	290,000	100% of foreign expenditures and 90% of local expenditures
(2) Goods, vehicles and Medical Products	2,900,000	100% of foreign expenditures and 90% of local expenditures
(3) Consultants' services, training and audits	6,500,000	100%
(4) FOSAP Grants	4,400,000	100% of amounts disbursed
(5) FOSAP Micro-credits	800,000	100% of amounts disbursed
(6) Operating Costs	2,100,000	90% of costs incurred during the first 3 years following the Effective Date and 85% thereafter
(7) Unallocated	2,610,000	
TOTAL	19,600,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that, if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures";

(c) the term "Operating Costs" means the incremental expenses incurred on account of Project implementation, management, monitoring and reporting, including office supplies, vehicles operation and maintenance, communication and insurance costs, rental expenses, office administration costs, utilities, banking charges, equipment maintenance, transport, local per diem for supervision and supervision costs, but excluding salaries of officials of the Borrower's civil service; and

(d) the term "Medical Products" has the meaning set forth in Section 1.02 (p) of this Agreement.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for: (a) expenditures prior to the date of this Agreement; and (b) expenditures under Categories (4) and (5) unless the FOSAP Grants and FOSAP Micro-credits concerned have been made in accordance with the criteria, procedures and terms and conditions set forth or referred to in paragraphs 3 and 8 of Schedule 4 to this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) works and goods under contracts costing less than \$100,000 equivalent each; and (b) services under contracts costing less than \$100,000 equivalent each for consulting firms and less than \$30,000 equivalent each for individual consultants, all under such terms and conditions as the Association shall specify by notice to the Borrower.

#### B. Special Accounts

1. The Borrower shall open and maintain in CFA Francs three separate special deposit accounts, one for Parts A, B.3, C, D and E of the Project, one for Part B.1 of the Project and one for Part B.2 of the Project, in a commercial bank, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment.

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

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

(b) upon receipt by the Association of a Project Management Report pursuant to Section 4.02 (b) of this Agreement, accompanied by a request from the Borrower for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

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

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

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

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

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

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

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

6. (a) If the Association determines at any time that any payment out of any Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into said Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. Unless the Association shall otherwise agree, no further deposit by the Association into any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association determines at any time that any amount outstanding in any Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

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

#### Annex A to SCHEDULE 1

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

1. For the purposes of this Annex the term "Authorized Allocation" means: (i) in respect of the Special Account for Parts A, B.3, C, D and E of the Project, an amount of CFA Francs 500,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount of CFA Francs 250,000,000, until the aggregate amount of withdrawals from the Credit Account of amounts allocated to said Special Account's Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall equal or exceed the equivalent of SDR 3,000,000; (ii) in respect of the Special Account for Part B.1 of the Project, an amount of CFA Francs 500,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount of CFA Francs 250,000,000, until the aggregate amount of withdrawals from the Loan Account of amounts allocated to said Special Account's Eligible Category, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Category, shall equal or exceed the equivalent of SDR 3,000,000; and (iii) in respect of the Special Account for Part B.2 of the Project, an amount of CFA Francs 140,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount of CFA Francs 70,000,000, until the aggregate

amount of withdrawals from the Loan Account of amounts allocated to said Special Account's Eligible Category, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Category, shall equal or exceed the equivalent of SDR 3,000,000.

2. Withdrawals of a Special Account's Authorized Allocation and subsequent withdrawals to replenish said Special Account shall be made as follows:

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

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

3. The Association shall not be required to make further deposits into a Special Account, once the total unwithdrawn amount of the Credit allocated to said Special Account's 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 in respect of expenditures to be financed out of the proceeds of the Credit allocated to said Categories, shall equal the equivalent of twice the amount of said Special Account's Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to said 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 said Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

#### Annex B to SCHEDULE 1

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

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

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

3. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in said Special Account, shall not exceed CFA Francs 600,000,000 in respect of the Special Account for Parts A, B.3, C, D and E of the Project, CFA Francs 600,000,000 in respect of the Special Account for Part B.1 of the Project, and CFA Francs 100,000,000 in respect of the Special Account for Parts B.2 of the Project.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to assist the Borrower to contribute in changing the behavior of its population, in order to reduce the risk of infection from the HIV and to have too closely spaced and/or unwanted pregnancies.

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 objective:

#### Part A: Strengthening the Capacities of the Key Ministries and MOPH

1. (a) Strengthening the technical capacities of the HIV/AIDS units of the Key Ministries through the provision of technical advisory services and training, and the acquisition of equipment and vehicles; and (b) supporting the decentralization of the capacities of the Key Ministries through the creation of specialized HIV/AIDS units at the prefectural level for each of the said Ministries and the acquisition of Medical Products.

2. Strengthening the capacities of MOPH through the provision of training and technical advisory services, the construction of office and training space for the Psycho-Medico-Social Center, the rehabilitation of laboratories and counseling centers, and the acquisition of equipment, Medical Products and vehicles, including a mobile video unit, for the following units of MOPH: the National Program for AIDS/STD Control, the Psycho-Medico-Social Center, the Division of Health Information System and the Division of Planning.

#### Part B: Strengthening of FOSAP

1. Supporting FOSAP to provide FOSAP Grants to selected NGOs and public sector entities with respect to activities that support the Borrower's population and AIDS control programs, including, inter alia:

(a) the financing of AIDS control activities that will assist in : (i) promoting and distributing condoms; (ii) carrying out target IEC activities for behavior change in the areas of population, reproductive health, and HIV/AIDS prevention and care; (iii) providing psycho-medical-social support for people living with HIV/AIDS; (iv) providing economic support for HIV infected and affected persons; (v) providing comprehensive support and care for HIV/AIDS orphans; (vi) promoting voluntary HIV counseling and testing in the general population and in at risk and/or vulnerable groups; (vii) promoting the access to voluntary counseling and testing as well as mitigation of mother to child transmission of HIV; and (viii) promoting and distributing modern methods of contraception;

(b) the financing of population-related activities, with a specific focus on linkage between the interventions in the area of reproductive health and those necessary to stem the spread of the HIV/AIDS epidemic, aimed at: (i) channeling IEC and behavior change messages that are geared both at reproductive health and HIV/AIDS prevention; (ii) promoting and distributing condoms to supplement the social marketing channels; and (iii) focusing on the needs of adolescents to both early pregnancies and HIV/AIDS transmission; and

(c) the financing of the technical advisory services and supervision services to be provided by selected NGOs ("projets dynamisateurs") to the beneficiaries of the FOSAP Grants.

2. Supporting FOSAP to provide to selected NGOs specialized in micro-finance ("agences d'encadrement") FOSAP Micro-credits for the benefit of women and women associations with respect to income generating activities that will assist increasing the status and the autonomy of women and thereby contribute to reducing their fertility and the risk of HIV infection.

3. Strengthening the capacity to FOSAP through the provision of technical advisory services and training, the construction of office space and the acquisition of office equipment and vehicles.

#### Part C: Support to the Social Marketing Program

1. Supporting the activities of MASOCOT through: (i) the promotion, provision and

distribution of oral rehydration salts and condoms; and (ii) the carrying out of marketing studies, including a price strategy study and a distribution strategy study, and the provision of technical advisory services in relation to the activities referred to in (i) above.

2. Supporting the establishment of new social marketing activities for MASOCOT, through: (i) the carrying out of marketing studies, including a knowledge attitude practice study for oral contraceptives and of IEC campaigns related to modern contraception; and (ii) the financing of the promotion, provision and distribution of impregnated bed nets for the prevention of malaria, and oral contraceptives.

3. Strengthening the technical and managerial capacities of MASOCOT through the provision of technical advisory services and training, and the acquisition of vehicles and equipment.

Part D: Support to the Implementation of the National Population Policy

Strengthening MEPD's capacity to plan, coordinate and implement the DPP, including increasing the institutional capacity of the Population Division, through: (i) the provision of technical advisory services and training; (ii) the financing of expenses related to IEC and communication for behavior change campaigns; (iii) the carrying out of operational research in the area of population activities, and dissemination of results of such research; and (iv) the acquisition of vehicles, equipment and furniture.

Part E: Support to Project Management

1. Support to PCT through the provision of technical advisory services and training, the construction of office space and the acquisition of vehicles, office equipment and furniture.

2. Carrying out financial audits of the Project and FOSAP, through the provision of technical advisory services.

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The Project is expected to be completed by March 31, 2006.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Good and Works

Part A: General

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

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

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods 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.

2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Works estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$320,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International and National Shopping

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

3. Direct Contracting

The Medical Products which can be bought directly from CPPA and costing \$1,700,000 equivalent or less in the aggregate, 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 estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$400,000 equivalent, may be procured from the Inter-Agency Procurement Services Office (IAPSO), the United Nations International Children's Emergency Fund (UNICEF), the United Nations Population Fund (UNFPA) and the World Health Organization (WHO) in accordance with the provisions of paragraph 3.9 of the Guidelines.

5. Community Participation

Goods and small works required for Parts B.1 and B.2 of the Project shall be procured in accordance with procedures acceptable to the Association, as set forth in the FOSAP Grant Procedures Manual and the FOSAP Micro-credit Procedures Manual.

6. Procurement of Small Works

Works estimated to cost less than \$60,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

(a) With respect to each contract for works and goods estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.



(b) With respect to each contract for goods estimated to cost the equivalent of \$30,000 or more, the following procedures shall apply:

- (i) prior to the execution of any contract procured under direct contracting procedures with CPPA and the UN Agencies, the Borrower shall provide to the Association a copy of the specifications and the draft contract; and
- (ii) the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

### 3. Post Review

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

## Section II. Employment of Consultants

### Part A: General

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

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

### Part B: Quality- and Cost-based Selection

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

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

### Part C: Other Procedures for the Selection of Consultants

#### 1. Least-cost Selection

Services for audits under Part E of the Project and other services of a routine nature estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

#### 2. Selection Based on Consultants' Qualifications

Services for training, studies and technical advisory services estimated to cost less than \$100,000 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.

#### 3. Single Source Selection

Services for: (i) training, and (ii) technical assistance and supervision services under Parts B.1 and B.2 of the Project, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

#### 4. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual

consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

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

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

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

(c) Each contract for the employment of consultants on the basis of single source selection estimated to cost the equivalent of \$5,000 or more and each contract for audits and international training, shall be awarded after prior review of the Association.

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. However, the exception to prior review by the Association shall not apply to the terms of reference of such contracts, regardless of their estimated cost.

SCHEDULE 4

Implementation Program

1. The Borrower shall:

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

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, not later than March 31 and September 30 of each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the calendar semester preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the calendar semester following such date; and

(c) review with the Association, not later than four weeks after the submission of the report referred to in paragraph (b) of this Section, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

2. Within three months of the date of this Agreement, the Borrower shall take all measures necessary on its part to organize, in conjunction with the Association, a workshop for the launching of the Project implementation which shall cover, inter alia, disbursement and procurement procedures and detailed timetables for the implementation of the Project.

3. Except as the Association shall otherwise agree, the Borrower shall: (i) apply the criteria, policies, procedures and arrangements set out in the Project Implementation Manual, the FOSAP Grant Procedures Manual and the FOSAP Micro-credit Procedures Manual; and (ii) not amend or waive, or permit to be amended or waived, the Monitoring and Evaluation Plan, the Project Implementation Manual, the FOSAP Grant Procedures Manual and the FOSAP Micro-credit Procedures Manual or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.

4. Steering Committee and PCT

During the execution of the Project, the Borrower shall cause: (i) the Steering Committee to meet quarterly; and (ii) PCT to prepare for the Steering Committee, not later than two weeks before such meetings, a report regarding the implementation of the Project during the preceding quarter.

5. Annual Consultations

The Borrower shall cause FOSAP and the Population Division to organize annual regional workshops to establish annual priorities for HIV/AIDS and population activities in conformity with the provisions of the Project Implementation Manual, the FOSAP Grant Procedures Manual and the FOSAP Micro-credit Procedures Manual.

6. Midterm Review

(a) On or about thirty months after the Effective Date, the Borrower shall carry out jointly with the Association, the Steering Committee, PCT, MOPH, the Key Ministries, FOSAP, MASOCOT and the Population Division, a midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review).

The Midterm Review shall cover, amongst other things:

- (i) progress made in meeting the Project's objective; and
- (ii) overall Project performance against Project performance indicators.

(b) The Borrower shall cause PCT to prepare and, at least four weeks prior to the Midterm Review, furnish to the Association a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

(c) The Borrower shall, not later than four weeks after the Midterm Review, prepare and submit to the Association an action program, acceptable to the Association, for the further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program.

7. The Borrower shall ensure that, at all times during the execution of the Project:

(a) the Steering Committee shall manage the overall planning, implementation and supervision of the Project and PCT shall be responsible for the day to day coordination of the Project;

(b) the qualifications, experience and performance of the staff within MEPD, MOPH, PCT, FOSAP, and MASOCOT, in charge directly or indirectly of the implementation of any parts of the Project, shall be satisfactory to the Association;

(c) PCT, FOSAP and MASOCOT shall be maintained with functions and composition satisfactory to the Association;

(d) the HIV/AIDS units of the Key Ministries shall be maintained with functions, composition and staff with qualifications, experience and performance satisfactory to the Association;

(e) the Steering Committee shall be maintained with functions, composition and members with qualifications, experience and performance satisfactory to the Association; and

(f) the relevant Ministries, Agencies and authorities (in particular, the

Prefectoral Population Commissions and the Prefectoral Health Councils), shall collaborate with PCT, FOSAP, MASOCOT and the Population Division in compliance with the provisions of the Project Implementation Manual, the FOSAP Grant Procedures Manual and the FOSAP Micro-credit Procedures Manual, in particular with respect to the appointment of individuals whose experience, position and performance are satisfactory to the Association, and who shall assist PCT, FOSAP, MASOCOT and the Population Division in ensuring proper implementation of the Project.

8. The Borrower shall cause FOSAP to operate under terms of reference satisfactory to the Association, which shall include the following requirements:

(a) FOSAP Grants

- (i) FOSAP Grants shall be made to NGOs and public sector entities meeting eligibility criteria mentioned in the FOSAP Grant Procedures Manual, to finance Subprojects in the areas of HIV/AIDS and population;
- (ii) FOSAP Grants shall be made to NGOs ("projets dynamisateurs"), providing technical assistance and supervision to the beneficiaries of the FOSAP Grants, selected by FOSAP in collaboration with either: (A) the Population Division, for population-related Subprojects, or (B) the National Program for AIDS/STD Control at MOPH, for AIDS control-related Subprojects, in accordance with eligibility criteria mentioned in the FOSAP Grant Procedures Manual, which shall take into account, inter alia, the prior experience of the relevant "projet dynamisateur", its success in implementing multi-sectoral projects, and its geographical location;
- (iii) FOSAP Grants shall not exceed CFAF 35,000,000 per beneficiary (except as the Association may otherwise agree) or 80% of the total Subproject cost, whichever is lower;
- (iv) beneficiaries shall be required to enter into a financing agreement, in form and substance satisfactory to the Association, with FOSAP setting forth their obligations and the obligation of FOSAP to make FOSAP Grant funds available in a timely manner;
- (v) in the case of FOSAP Grants to "projets dynamisateurs", the financing agreement shall, in particular: (A) require that the "projets dynamisateurs" supervise the implementation of the Subprojects in accordance with the FOSAP Grant Procedures Manual; (B) require that such "projets dynamisateurs" provide guidance to other applicants for FOSAP Grants regarding the preparation, implementation, and evaluation of their potential Subprojects and provide all information as FOSAP and the Association shall reasonably request regarding the administration, operations and financial conditions of the relevant Subproject; (C) provide for the right of FOSAP to inspect, by itself or jointly with the Association, if the Association shall so request, the technical assistance and supervision related to the Subprojects and any relevant records and documents; (D) require the "projets dynamisateurs" use the FOSAP Grant funds exclusively for the carrying out of the Subprojects; and (E) provide for the right of FOSAP to suspend or terminate the right of the "projets dynamisateurs" to benefit from the FOSAP Grants upon failure by the "projets dynamisateurs" to comply with any of their obligations under their financing agreement; and
- (vi) in the case of FOSAP Grants to NGOs and public sector entities to finance Subprojects in the areas of HIV/AIDS and population, the financing agreements shall, inter alia, require that the NGOs and public sector entities carry out the Subprojects in accordance with the FOSAP Grant Procedures Manual; maintain all relevant records and documents regarding the implementation of the Subprojects and the use of the FOSAP Grant funds; and use the FOSAP Grant funds exclusively for the carrying out of the Subprojects.

(b) FOSAP Micro-credits

- (i) FOSAP Micro-credits shall be granted to intermediaries (NGOs specialized in micro-finance ("agences d'encadrement")) meeting eligibility criteria mentioned in the FOSAP Micro-credits Procedures Manual, which shall take into account, inter alia, the prior experience in micro-finance of the intermediary, its financial capacities and skills, and its geographical location;
- (ii) FOSAP Micro-credits to the intermediaries shall not exceed CFAF 35,000,000 per intermediary for each program of micro-credit operations;
- (iii) each intermediary shall be required to enter into an agreement, satisfactory to the Association, with FOSAP, setting forth: (A) the obligation of FOSAP to make FOSAP Micro-credit funds available to the intermediary in a timely manner; (B) the intermediary's obligations, in particular the obligation to on-lend to the relevant woman or women association (the sponsor) and repay to FOSAP 80% only of the amount of FOSAP Micro-credit; (C) the obligation of FOSAP to make available to the intermediary the balance of 20% of the amount of the FOSAP Micro-credit constituting the remuneration of the intermediary for the provision of technical assistance and supervision services to the relevant woman or women association as follows: 50% at the time of the signing of the agreement and 50% after complete repayment of the FOSAP Micro-credit by the intermediary; (D) the intermediary's obligation to ensure that the relevant Subprojects be carried out in accordance with the FOSAP Micro-credit Procedures Manual, and that the FOSAP Micro-credit funds be used exclusively for the carrying out of the Subprojects; (E) the right of FOSAP to inspect, by itself or jointly with the Association, if the Association shall so request, the goods and works included in the Subprojects, the operations thereof and any relevant records and documents; and (F) the intermediary's obligation to provide all information as FOSAP or the Association shall reasonably request regarding the administration, operations and financial conditions of the Subprojects;
- (iv) FOSAP Micro-credits granted may be made by the intermediaries on a short term basis (less than a year) to women or women associations (the sponsors) in order to support women's income earning Subprojects selected by the intermediaries in accordance with eligibility criteria mentioned in the FOSAP Micro-credit Procedures Manual, which shall take into account, inter alia, the financial soundness of the Subproject, use of local skills and production in the Subproject, and capacity of the beneficiary of the Subproject to provide at least 20% of the estimated Subproject costs;
- (v) except as the Association may otherwise agree, FOSAP Micro-credits made to the beneficiaries shall range between CFAF 36,000 and CFAF 360,000 per beneficiary; and
- (vi) each beneficiary shall be required to enter into a loan agreement, in form and substance satisfactory to the Association, with the intermediary concerned, setting forth the beneficiary's obligations (including, inter alia, the obligation to carry out the Subproject concerned in accordance with the FOSAP Micro-credit Procedures Manual), and the obligation of the intermediary to make FOSAP Micro-credit funds available to the beneficiary in a timely manner.

