

CONFORMED COPY

CREDIT NUMBER 2692 CD

Development Credit Agreement  
(Population and AIDS Control Project)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 14, 1995

CREDIT NUMBER 2692 CD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 14, 1995, 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; and

(B) the Borrower intends to obtain from Kreditanstalt fur Wiederaufbau (KfW) a grant (the KfW Grant) in an amount equivalent to about DM7,000,000 to assist in financing the Project on the terms and conditions set forth in an agreement (the KfW Grant Agreement) to be entered into between the Borrower and KfW;

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

## General Conditions; Definitions

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

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

- (a) "ASTBEF" means the Association Tchadienne du Bien-Etre Familial, a non-governmental organization established under the laws of the Borrower;
- (b) "CERPOD" means the Centre d'Etudes et de Recherche sur la Population pour le Developpement, a multilateral Sahelian research institute;
- (c) "CFA Francs" and "CFAF" mean the currency of the Borrower;
- (d) "CNLS" means the Borrower's Comite National de Lutte contre le SIDA, the overall coordinator of the Borrower's AIDS control program;
- (e) "CNPRH" means Commission Nationale pour la Population et les Ressources Humaines, the inter-ministerial commission on population established by the Borrower to monitor the overall process of developing, implementing and evaluating its population policy;
- (f) "CTLS" means the Commission Technique pour la Lutte contre le SIDA, the Borrower's technical advisory group to support the CNLS;
- (g) "DPP" means the Borrower's Declaration of Population Policy, dated July 22, 1994;
- (h) "DSIS" means MOPH's division responsible for the Borrower's health information system;
- (i) "FOSAP" means the Fonds de Soutien aux Activites en matiere de la Population, established pursuant to the FOSAP Decree for purposes of implementing Part D of the Project;
- (j) "FOSAP Decree" means the Borrower's Decree No. 250/PR/MPC/1994 creating FOSAP;
- (k) "HIV/AIDS/STDs" means the Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome/Sexually Transmitted Diseases;
- (l) "IEC" means information, education and communication activities;
- (m) "MOPC" means the Borrower's Ministry of Planning and Cooperation;
- (n) "MOPH" means the Borrower's Ministry of Public Health;
- (o) "PCT" means the Project Coordination Team located in MOPC;
- (p) "PNLS" means the Borrower's Programme National de Lutte contre le SIDA, the MOPH unit responsible for implementing the Borrower's AIDS control activities;
- (q) "Population Division" means the Division of Population of the Directorate of Planning at MOPC established by the Borrower, inter alia, to assist CNPRH and to act as its secretariat;
- (r) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to letter agreements dated April 8, 1994 and March 6, 1995, between the Borrower and the Association; and

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

## 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 nine hundred thousand Special Drawing Rights (SDR13,900,000).

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

(b) The Borrower may, for the purposes of the Project, open and maintain in CFA Francs a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of 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 cancelled.

Section 2.03. The Closing Date shall be June 30, 2001 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 cancelled; 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 April 15 and October 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall

repay the principal amount of the Credit in semiannual installments payable on each April 15 and October 15, commencing April 15, 2005 and ending October 15, 2034. Each installment to and including the installment payable on October 15, 2014 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

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

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

Section 2.08. The currency of the 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 objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, and public health practices, and with due regard to ecological and environmental factors, 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.

(c) The Borrower shall operate the PCT under terms of reference and with staffing satisfactory to the Association. The PCT shall include the following staff, each with qualifications and experience satisfactory to the Association: (i) a project coordinator, (ii) a project administrator responsible for procurement, (iii) an accountant, and (iv) an administrator for the FOSAP. The Borrower shall ensure that no such staff of the PCT is replaced at any time without the prior written consent of the Association.

(d) The Borrower shall, for the purposes of the Project, continue to maintain the Population Division with functions and staffing satisfactory to the Association, including a division head, a demographer, a statistician and a sociologist, each with qualifications and experience satisfactory to the Association. The Borrower shall ensure that no such staff of the Population Division is replaced at any time without the prior written consent of the Association.

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 each fiscal year beginning before the Closing Date, the

Borrower: (a) shall adopt an annual budget for MOPH, and any other ministries involved in AIDS control activities which shall include a specific budgetary item for AIDS control activities; and (b) shall thereafter give timely effect to such budget.

Section 3.04. The Borrower shall: (a) transmit to the Association, each April and October, semiannual progress reports regarding implementation of the Project; and (b) carry out, jointly with the Association, annual reviews during the last quarter of each year (other than 1997, the year of the mid-term review referred to in Section 3.05 of this Agreement) regarding the progress made in carrying out the Project, including a review of progress reports, annual work programs, and budgets for the next year.

Section 3.05. (a) The Borrower shall carry out, jointly with the Association, during the last quarter of 1997, a mid-term review of the progress made in carrying out the Project. The review shall cover, inter alia: (i) progress reports, annual work programs, and budgets for the next year, (ii) training provided under the Project, (iii) procurement under the Project, and (iv) the status of Project monitoring indicators agreed upon with the Association.

(b) PCT shall transmit to the Association, at least 45 days prior to the mid-term review described in paragraph (a) above, a report, in scope and detail satisfactory to the Association, describing the status of the items listed in such paragraph and of Project implementation generally. In this connection, PCT shall employ independent auditors, satisfactory to the Association, to conduct technical and financial audits of the Project under terms of reference satisfactory to the Association.

(c) Based on such review, the Borrower shall promptly prepare an action plan, acceptable to the Association, to deal with deficiencies, if any, in Project implementation identified during the review, and shall thereafter implement such action plan.

Section 3.06. Without limitation upon the provisions of Article IX of the General Conditions, 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;

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

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

#### 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, a certified copy of the report of such audit by said auditors, of such

scope and in such detail as the Association shall have reasonably requested; and

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

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

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

(ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Remedies of the Association

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

(a) the KfW Grant Agreement shall have failed to become effective by December 31, 1995, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement; and

(b) (i) subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any loan or grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(B) any such loan shall have become due and payable prior to the agreed maturity thereof; and

(ii) subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the

following additional event is specified, namely that any event specified in paragraph (b) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (ii) of that Section.

#### ARTICLE VI

##### Effective Date; Termination

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

(a) the Borrower shall have entered into an agreement, in form and substance satisfactory to the Association, with CERPOD pursuant to which CERPOD shall support and strengthen the operations of the Population Division;

(b) the Borrower shall have recruited a specialist in epidemiology and program management, with qualifications and experience and under terms and conditions satisfactory to the Association;

(c) the Borrower shall have entered into an agreement, in form and substance satisfactory to the Association, with ASTBEF and with a social marketing firm, satisfactory to the Association, regarding the execution of Part C of the Project;

(d) the Borrower shall have prepared bid documents, satisfactory to the Association, for the goods and services scheduled to be procured during the first two years of the Project;

(e) the Borrower shall have established the PCT in accordance with Section 3.01 (c) of this Agreement, and the project coordinator and other key professional staff listed in Section 3.01(c) of this Agreement, each with qualifications and experience satisfactory to the Association, shall have taken up their positions within PCT;

(f) PCT shall have in place an operational accounting and financial management system satisfactory to the Association; and

(g) the Borrower shall have retained the services of an independent auditor, satisfactory to the Association, under a multi-year contract with terms and conditions satisfactory to the Association.

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 Minister of Planning and Cooperation 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:

Ministry of Planning and Cooperation  
BP 286  
N'Djamena  
Republic of Chad

Cable address:

MINPLAN  
N'Djamena

Telex:

5329 KD

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:

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

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

REPUBLIC OF CHAD

By /s/ Mahamat Saleh Hamat

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Stephen Denning

Acting 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) Goods:		100% of foreign expenditures and 90% of local expenditures
(a) Contraceptives	2,400,000	
(b) Other Items	500,000	
(2) Rehabilitation of Offices	10,000	90%
(3) Consultants' Services	1,700,000	100%
(4) Training	700,000	100%



(5) Studies	2,700,000	100%
(6) FOSAP Grants	2,700,000	100% of amounts disbursed
(7) Incremental Operating Costs	1,500,000	90% for expen- ditures incurred during the first three years following the Effective Date and 80% thereafter
(8) Refunding of Project Preparation Advance	240,000	Amount due pur- suant to Section 2.02 (c) hereof
(9) Unallocated	1,450,000	
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TOTAL	13,900,000	=====

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 the goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures";

(c) the term "FOSAP Grants" means grants provided under the FOSAP; and

(d) the term "incremental operating costs" means the incremental cost of equipment maintenance, vehicle operation and maintenance, office supplies, printing expenses, travel allowances, and PCT office space and utilities, incurred by MOPC, MOPH, and PCT in carrying out the Project.

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

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods, works and services under contracts not exceeding \$50,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

#### SCHEDULE 2

##### Description of the Project

The objectives of the Project are to assist the Borrower in carrying out its strategy in population and family planning and in AIDS control including its plan for: (i) increasing the use of modern methods of contraception in order to advance the onset of fertility decline, and (ii) slowing the spread of HIV by promoting behavioral change.

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

Part A: Reinforcement of Borrower's Capacity to Carry Out Population Policy

1. Strengthening MOPC's capacity to plan, coordinate and disseminate the Borrower's population policies, including increasing the institutional capacity of the Population Division, through, inter alia, provision of equipment, training of staff, and rehabilitation of offices.
2. Improving community awareness and implementation of population policies and activities through the execution of health information, education and communication activities (IEC), and the distribution of contraceptives.
3. Strengthening the Borrower's capacity to carry out population-related research through the implementation of a national strategy to collect and analyze basic demographic data and evaluate relevant socio-demographic indicators.

Part B: Strengthening National Capacity to Contain HIV/AIDS/STDs

1. Strengthening the capacity of PNLs to manage and coordinate the Borrower's national AIDS control program and of MOPH to carry out epidemiological surveillance and operational research, through, inter alia: (i) the procurement of long-term technical assistance regarding epidemiology and program management, and short-term specialist services for annual programming, organization of the national blood safety program, and AIDS-related training and research; (ii) training of staff in epidemiology, health program management, and health information, education and communication activities (IEC); (iii) on-site training and supervision of health personnel in the Borrower's regions regarding the operation of MOPH's health information system; (iv) annual national workshops reviewing the AIDS control program; and (v) provision of vehicles and other logistical and operational support.
2. Improving MOPH's epidemiological surveillance of HIV/AIDS/STDs through, inter alia: (a) the establishment of two additional sentinel sites; and (b) the carrying out of (i) prevalence studies of HIV/STD, (ii) knowledge, attitude and practice (KAP) studies, and (iii) a study regarding the priority indicators of prevention (IPP) to assess the impact of the Borrower's initiatives to control HIV/AIDS/STDs.
3. Improving the Borrower's ability to plan health activities through the carrying out of operational studies aimed at improving the quality of public health services.

Part C: Establishment of a Social Marketing Program for the Promotion of Condoms

Establishment of a condom social marketing program to be managed in an autonomous manner by a social marketing unit under the general direction of ASTBEF and in close coordination with PNLs, including: (i) the procurement of specialist services in social marketing and auditing; (ii) training, including study of other condom social marketing programs and training in IEC and promotional activities; (iii) provision and distribution of condoms for sale; (iv) provision of equipment and vehicles; (v) the carrying out of market studies and focus group research; (vi) promotional and communication activities; and (vii) rehabilitation of office space.

Part D: Population Activities Support Fund

The establishment of a fund (Fonds de Soutien aux Activites en matiere de Population -- FOSAP) to provide grant financing for activities and programs that support the Borrower's population and AIDS control programs, including:

- (a) the financing of AIDS control activities that will assist in: (i) preventing sexual transmission of HIV infections; (ii) reducing the impact of AIDS on AIDS patients, families, and orphans; (iii) targeting population and AIDS control programs; and (iv) the design and carrying out of a project which will provide psycho-social support for persons afflicted with HIV/AIDS and their families; and
- (b) the financing of population-related activities aimed at: (i) expanding the delivery of maternal and child health/family planning services beyond public health facilities; (ii) innovative IEC activities targeted to specific groups and involving channels of communication complementary to public health channels (e.g., agricultural extension workers, community development workers,

women's associations, rural development cooperatives, and private employers); (iii) improving women's income-earning capacities and their socio-economic status; and (iv) research regarding the socio-cultural and economic characteristics of the population and the acceptability of new contraceptive methods.

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The Project is expected to be completed by December 31, 2000.

### SCHEDULE 3

#### Procurement and Consultants' Services

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

##### Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines), and in accordance with the following additional procedures:

(a) When contract award is delayed beyond the original bid validity period, such period may be extended once, subject to and in accordance with the provisions of paragraph 2.59 of the Guidelines, by the minimum amount of time required to complete the evaluation, obtain necessary approvals and clearances and award the contract. The bid validity period may be extended a second time only if the bidding documents or the request for extension shall provide for appropriate adjustment of the bid price to reflect changes in the cost of inputs for the contract over the period of extension. Such an increase in the bid price shall not be taken into account in the bid evaluation. With respect to each contract made subject to the Association's prior review in accordance with the provisions of Part D.1 (a) of this Section of this Schedule, the Association's prior approval will be required for (i) a first extension of the bid validity period if the period of extension exceeds sixty (60) days and (ii) any subsequent extension of the bid validity period.

(b) In the procurement of goods in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

2. To the extent practicable, goods shall be grouped into bid packages estimated to cost the equivalent of \$250,000 or more each.

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

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Chad may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

##### Part C: Other Procurement Procedures

1. Goods estimated to cost the equivalent of \$250,000 or less per contract, up to an aggregate amount not to exceed the equivalent of \$300,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Small items including items for health promotion campaigns, office supplies and spare parts estimated to cost the equivalent of \$30,000 or less per contract, up to an aggregate amount not to exceed the equivalent of \$100,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines in accordance with procedures satisfactory to the Association.

3. Goods to be financed through FOSAP grants, estimated to cost the equivalent of \$30,000 or less per contract, up to an aggregate amount not to exceed the equivalent of \$4,500,000, may be carried out on the basis of price quotations obtained from at least three suppliers eligible under the Guidelines in accordance with procedures satisfactory to the Association.

4. Minor office rehabilitation works, up to an aggregate amount not to exceed the equivalent of \$20,000, may be carried out on the basis of price quotations obtained from at least three contractors eligible under the Guidelines in accordance with procedures satisfactory to the Association.

Part D: Review by the Association of Procurement Decisions

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

(a) With respect to (i) each contract estimated to cost the equivalent of \$250,000 or more, and (ii) the first three contracts regarding goods procured under Part C, paragraph 1 of this Schedule, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

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

Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each or (b) contracts for the employment of individuals estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Association review shall not apply to (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Association, (d) amendments to contracts for the employment of consulting firms raising the contract

value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

#### SCHEDULE 4

##### Implementation Program

###### Overall Project Implementation

1. (a) MOPH and MOPC units and directorates shall be responsible for Project execution and management as follows: (i) the Population Division shall be responsible for Part A of the Project; (ii) PNLS shall be responsible for Part B of the Project; (iii) MOPC, assisted by ASTBEF, shall be responsible for Part C of the Project; and (iv) the PCT, under the direct supervision of MOPC's Direction Generale, shall be responsible for Part D of the Project.

(b) Without limitation upon the provisions of Section 3.01(c) of this Agreement, the PCT shall be responsible for the day-to-day coordination of Project activities, related administrative and financial matters, and Project monitoring and evaluation, and to this end shall operate under terms of reference satisfactory to the Association which, inter alia, shall require the PCT to be responsible for: (i) the coordination and preparation of annual work programs and budgets for all components of the Project; (ii) the procurement of goods and services and the recruitment of consultants; (iii) review of implementation progress reports prepared by the coordinators of Project components; (iv) maintenance and consolidation of all Project accounts, including the Special Account; (v) preparation of documentation for withdrawal of proceeds of the Credit; (vi) ensure the establishment of adequate arrangements for the audit of Project accounts and statements of expenditure; (vii) the preparation of semiannual and annual progress reports for submission to the Association, the Borrower and cofinanciers; (viii) the organization of annual and mid-term reviews of project implementation; and (ix) the maintenance of an effective dialogue with donors and agencies in the population and health sectors.

2. (a) The Borrower shall carry out the Project in accordance with the timetable and activities matrix set forth in the Multi-year Work Plan and Activities Matrix, adopted pursuant to Circular 005/MPC/DG/DPDR/95.

(b) The Borrower shall operate the CNLS and the CTLS in accordance with Decree 089/PR/PMT/MSP/95, and Circular 012/PMT/95, respectively, regarding their functions and responsibilities.

(c) The Borrower shall carry out the radio/television information campaign in accordance with the schedule set forth in the agreement regarding the AIDS control program, dated January 28, 1995, between MOPH and the Borrower's Ministry of Communication.

(d) The Borrower shall ensure that the PNLS and the DSIS implement the epidemiological research program set out in Circular 035/MSP/DG/PNLS/95.

3. The Borrower shall prepare annual programs, satisfactory to the Association, for the training to be carried out under the Project.

###### Part A of the Project

4. The Borrower shall exercise its rights and comply with its obligations under the agreement with CERPOD referred to in Section 6.01(a) of this Agreement in such a way as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any provision thereof.

###### Part B of the Project

5. In carrying out Part B.2 of the Project, the Borrower shall carry out the studies referred to therein under terms of reference satisfactory to the Association, which in the case of the prevalence studies, shall specify target groups.

6. In carrying out Part B.3 of the Project, the Borrower shall carry out studies, under terms of reference satisfactory to the Association, regarding: (i) the development and adoption of algorithms for the management of STD and AIDS patients; (ii) the elaboration of a referral protocol to assist HIV positive persons and their families; (iii) the evaluation of the clinical definition of AIDS; (iv) the relationship of HIV and tuberculosis to improve the treatment of tuberculosis among HIV positive patients; (v) the accessibility and utilization of health centers and district hospitals; and (vi) the socio-economic impact of AIDS at the individual and family levels and at the community and macro-economic levels.

#### Part C of the Project

7. The Borrower shall operate the social marketing unit responsible for carrying out Part C of the Project under terms of reference satisfactory to the Association, which shall provide, inter alia, for (a) support from ASTBEF and a social marketing firm satisfactory to the Association, and (b) the employment of co-directors, each with qualifications and experience satisfactory to the Association, assisted by the following staff, with appropriate qualifications: (i) a director of marketing, (ii) regional marketing representatives, (iii) an accountant/MIS specialist, (iv) an IEC specialist, (v) an inventory specialist, and (vi) part-time contracted sales persons.

8. The Borrower shall exercise its rights and comply with its obligations under the agreement with ASTBEF and the social marketing firm referred to in Section 6.01(c) of this Agreement in such a way as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any of provision thereof.

#### Part D of the Project

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

(a) grants shall be made to NGOs, associations, private and public organizations or individuals, (e.g., pharmacists, physicians and midwives) meeting eligibility criteria satisfactory to the Association;

(b) grants may be made to support umbrella resource projects ('projets dynamisateurs') selected by the FOSAP in collaboration with either (i) the Population Division, for population-related sub-projects, or (ii) the CTLS and the PNLS, for AIDS control-related sub-projects, in accordance with eligibility criteria satisfactory to the Association, which shall take into account, inter alia, the prior experience of the sponsor of such 'projet dynamisateurs', its success in implementing multi-sectoral projects, and its geographical location;

(c) grants shall not exceed CFAF30,000,000 per beneficiary (except as the Association may otherwise agree) or 80% of the total sub-project cost, whichever is lower; and

(d) beneficiaries shall be required to enter into an agreement, in form satisfactory to the Association, with FOSAP setting forth their obligations and the obligation of FOSAP to make grant funds available in a timely manner; such agreement shall require, inter alia, in the case of grants for 'projets dynamisateurs' that the sponsor thereof provide guidance to other applicants for FOSAP grants regarding the preparation, implementation, and evaluation of their potential sub-projects.

10. FOSAP shall at all times be operated and administered in accordance with regulations and procedural manuals satisfactory to the Association, which shall set forth, inter alia, the prescriptions set out in the preceding paragraph of this Schedule 4. The Borrower shall not amend, repeal or otherwise modify the FOSAP Decree without the prior written consent of the Association.

## Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(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 CFAF 250,000,000 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 CFAF 125,000,000 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 SDR700,000.

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

