

CONFORMED COPY

CREDIT NUMBER 2595 BUR

Development Credit Agreement

(Health and Nutrition Development Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 8, 1994

CREDIT NUMBER 2595 BUR

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 8, 1994, between BURKINA FASO (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 March 10, 1994, from the Borrower describing a program of actions, objectives and policies designed to improve the organization and availability of health services (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program;

(C) the Borrower intends to contract from Kreditanstalt fur Wiederaufbau (KfW) a grant (the KfW Grant) in an amount of DM 9,000,000 to assist in financing the Project on the terms and conditions set forth in a financial agreement (the KfW Grant Agreement) to be entered into between the Borrower and KfW;

(D) the Borrower intends to contract from the United Nations International Children's Fund (UNICEF) a grant (the UNICEF Grant) in an amount of \$3,600,000 to assist in financing the Project on terms and conditions set forth in a financial

agreement (the UNICEF Agreement) to be entered into between the Borrower and UNICEF;
and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

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

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

(b) "CFAF" means the currency of the Borrower;

(c) "Faso Baara" means the Contract Managing Agency established pursuant to
ARRETE No 91/151/MAT/SG/DELPJ of the Borrower, dated July 17, 1991;

(d) "PCU" means the Project Unit established under the Development Credit
Agreement between the Borrower and the Association dated June 17, 1985;

(e) "CAMEG" means the Borrower's procurement center for essential generic
drugs, established by Decree 92-127/SAN-ASF dated May 21, 1992 as amended by Decree
94-070/PRES/SASF dated February 15, 1994;

(f) "DMO" means the District Medical Officer(s);

(g) "CSPS" means the Health and Social Development Center(s);

(h) "MS" means the Ministry of Health of the Borrower;

(i) "DAAF" means the Administrative and Financial Affairs Office;

(j) "DEP" means the Directorate of Planning and Studies;

(k) "DMP" means the Directorate of Preventive Medicine;

(l) "DPS" means the Provincial Health Directorate(s);

(m) "CMA" means the Medical Center with a Surgical Unit;

(n) "CM" means the Medical Center;

(o) "CHR" means the Regional Hospital Center(s);

(p) "CHN" means the National Hospital Center;

(q) "ENSP" means the National School of Public Health;

(r) "DSPH" means the Directorate for Pharmaceutical Services;

(s) "WHO" means the World Health Organization;

(t) "IEC" means the Information, Education and Communication;

- (u) "EPI" means the Expanded Immunization Program;
- (v) "DSF" means the Directorate of Family Health;
- (w) "MCH" means the Maternal and Child Health;
- (x) "CFDS" means the Training Center for Health Development of ENSP;
- (y) "OST" means the Bureau of Workers Health; and
- (z) "DHT" means the District Health Team.

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 twenty-one million two hundred thousand Special Drawing Rights (SDR 21,200,000).

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

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special deposit account in a commercial bank in Ouagadougou 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.

Section 2.03. The Closing Date shall be December 31, 1999 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 or 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 payment 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 per cent (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 February 15 and August 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 semi-annual installments payable on each February 15 and August 15 commencing August 15, 2004 and ending February 15, 2034. Each installment to and including the installment payable on February 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 through its Ministry responsible for Health with due diligence and efficiency and in conformity with appropriate administrative, financial and health management 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.

(c) Without limitation or restriction of its obligations under paragraphs (a) and (b) of this Section and, except as the Borrower and the Association shall otherwise agree, the Borrower shall: (i) provide in its annual budget amounts adequate to cover its counterpart contributions to the costs of the Project; and (ii) open and maintain in a commercial bank in Ouagadougou an account (the Project Account) to be used exclusively to meet expenditures under the Project and deposit into the Project Account: (A) an initial amount of \$100,000 equivalent by January 1st, 1996; and (B) the remaining amount of its counterpart contributions, quarterly in advance, according to a schedule of payments agreed upon between the Borrower and the Association.

Section 3.02. The Borrower shall: (a) no later than March 31, 1997, or at such later date as the Association and the Borrower shall agree upon, carry out jointly with the Association an in-depth review of the Project implementation (mid-term review), and invite KfW, UNICEF and other donors contributing to the Project to participate in such review; such review to focus on, inter alia: (i) progress in meeting the Project's objectives; status of Project implementation assessed against monitoring indicators agreed upon by the Borrower and the Association and attached to the Program; and ways to improve Project implementation, if required; (ii) assessment of micronutrient distribution according to surveys referred to under paragraph (8) of Schedule 4 to this Agreement; (iii) implementation of the recommendations of the

hospital sector study referred to under paragraph (7) of Schedule 4 to this Agreement; (iv) implementation of the national redeployment plan referred to under paragraph (9) of Schedule 4 to this Agreement; and (v) the review of the National Plan for Eradication of Dracunculiasis referred to under paragraph (10) of Schedule 4 to this Agreement;

(b) furnish to the Association, not later than one month prior to such mid-term review, a report intended to prepare such review, with proposals for change to improve the effectiveness of Project implementation, if warranted; and

(c) following such review, act promptly and diligently in taking any corrective action deemed necessary by the participants of the mid-term review, and prepare and implement an action plan and take such measures satisfactory to the Association as appropriate in furtherance of the objectives of the Project.

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

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, and shall 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 report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special 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 shall be audited semiannually in accordance with the principles referred to in paragraph (b) of this Section by said auditors, who shall furnish their

audit reports to the Association not later than three months after the end of such semiannual audit period, along with an opinion by said auditors as to whether the statements of expenditure submitted during such period, 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 event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

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

ARTICLE VI

Effective Date; Termination

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

(a) the PCU director, the deputy director, and the accountant, referred to in paragraph 1 of Schedule 4 to this Agreement, have been appointed in accordance with the provisions of said paragraph, and have assumed their positions in offices adequate to carry out their functions;

(b) the accounting firm, referred to in paragraph (2) of Schedule 4, has been recruited;

(c) the independent auditors, referred to in Section 4.01 (b) of this Agreement, have been appointed under a multi-year contract in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(d) the Borrower has concluded with Faso Baara an agreement, satisfactory to the Association, for the carrying out of Parts A (1)(c); (3)(b),(c) and (f) of the Project; and

(e) the Borrower has concluded with UNICEF an agreement, satisfactory to the Association, for the carrying out of Parts A (3)(d); B (5) and D of the Project.

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

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Minister in charge of planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministere de l'Economie, des Finances et du Plan
BP 7050

Ouagadougou
BURKINA FASO

Telex:
5555 SEGEGOU

For the Association:

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

Cable address:	Telex:
INDEVAS	248423 (RCA)
Washington, D.C.	82987 (FTCC)
	64145 (WUI) or
	197688 (TRT)

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.

BURKINA FASO

By /s/ Thomas Kambou

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Works	7,040,000	100%
(2) Goods	2,180,000	100%
(3) Supplies and spare	2,180,000	100%

	parts		
(4)	Drugs	290,000	100%
(5)	Vaccines and micronutrients	2,180,000	100%
(6)	Consultants services	2,110,000	100%
(7)	Training	580,000	100%
(8)	Media	220,000	100%
(9)	Incremental operating costs:	2,390,000	100% through December 31, 1995; 65% through December 31, 1997; 35% thereafter
(10)	Unallocated	2,030,000	
	TOTAL	21,200,000	
		=====	

2. For the purposes of this Schedule:

(a) the term "Media" means all costs related to information, communication and education campaigns, inter alia: (A) radio and television features; (B) interviews; (C) posters; (D) pamphlets; and (E) seminars, workshops and meetings; and

(b) the term "Incremental operating costs" means: (i) \$200,000 each in years one and two of the Project for CAMEG's operating costs; (ii) Costs of DMO's supervision of CSPSS; (iii) salaries, benefits and travel allowances for local PCU staff; and (iv) operating and maintenance costs for items under Categories (1) and (2) of the table set forth in paragraph 1 of this Schedule;

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 under contracts for goods, works and services not exceeding \$20,000 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 his efforts to: (a) improve significantly the quality, coverage and utilization of basic health services; (b) enhance the nutritional status of the population; and (c) develop a national capacity for achieving sustainable control of endemic parasitic diseases.

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

Part A: Institutional Development and Decentralization of the Public Health System

1. Strengthening MS resources by providing support to:

(a) DAAF through: (i) the establishment of a comprehensive asset inventory; (ii) management training; and (iii) the supply of information technology equipment;

(b) DEP's coordination and evaluation efforts through: (i) a survey of ongoing external financing for the health sector; and (ii) implementation of a coordination and monitoring plan for such financing;

(c) DMP's capacity to combat tropical diseases through: (i) construction of offices; (ii) supply of equipment and vehicles; and (iii) training of professional and support staff; and

(d) the execution of a study of the hospital sector to recommend actions suitable to strengthen the tertiary level of the national health system;

2. Strengthening the institutional training capacity of the health system by assisting the Training Unit under CFDS to achieve its objectives;

3. Decentralizing of the Borrower's public health system and strengthening its peripheral services by:

(a) supporting the redeployment of health service personnel;

(b) supporting peripheral health facilities through: (i) establishment of 53 Health Districts; (ii) upgrading of about 15 CMs into CMAs; and (iii) construction of doctors' living quarters at two existing CMAs;

(c) strengthening the functional capacities of CSPS through: (i) rehabilitation and staffing of about 30 CSPSs; (ii) construction of about 30 additional rural and about 15 urban CSPSs; (iii) construction of living quarters for nurses at about 35 CSPSs; and (iv) provision of supervision vehicles to DMOs at CMAs to supervise CSPSs;

(d) carrying out a training program for: (i) DHTs, each comprising doctors and nurses, to become trainers of primary level health care staff throughout the national health care system; (ii) one doctor in surgery per functioning Health District appropriately equipped for emergency surgical interventions; and (iii) CHR technicians and CMA laboratory assistants;

(e) strengthening the organization and continued operation of the Comites de Gestion to manage CMAs and CSPSs and to implement cost recovery plans; and

(f) rehabilitation of one CAMEG warehouse and provision of storage and office equipment for said warehouse.

Part B: Essential Drug Distribution Program

Strengthen the Borrower's capacity to distribute quality generic drugs to the population by: (1) provision of construction and equipment of storage sheds within the premises of approximately 400 CSPSs; (2) acquisition of a one-year stock of essential generic drugs for about 45 CSPSs constructed under the Project and CMAs to serve as initial capital for a drug cost recovery fund; (3) support to DSPH for drug distribution throughout the health care system; (4) support of quality control improvement at DSPH through training of staff and construction and supply of equipment of a laboratory type I recommended by WHO; and (5) training in the management of such drug distribution and cost recovery budgeting for health care personnel in CMAs and CSPSs.

Part C: Endemic Disease Control Program

1. Treatment of endemic parasitic diseases by providing support to DMP to: (a) detect, report and treat cases of: (i) onchocerciasis; (ii) trypanosomiasis; and (iii) dracunculiasis; (b) strengthen local mobile health teams and the national coordination team; and (c) implement the ongoing dracunculiasis eradication program through: (i) distribution of water filters, and (ii) execution and review of a national prevalence survey.

2. Educating the affected population through IEC campaigns organized by DMP.

3. Preventing the outbreak of EPI targeted diseases by providing support to DSF: (a) to provide yellow fever vaccines; (b) establish a functioning cold-chain network;

and (c) organize mobile vaccination teams under the supervision of DHTs.

Part D: Micronutrient Supply Program

1. A short-term strategy to end micronutrient deficiencies by: (a) support to DSF in: (i) micronutrient delivery to the population, in particular, distribution of micronutrients within the prenatal and curative care programs and the EPI delivery system; and (ii) execution of epidemiological surveys to detect micronutrient deficiencies and evaluate their impact; and (b) providing training for health care staff at all levels.

2. Carrying out a strategy for food fortification and dietary modification through: (a) execution of a feasibility study aimed at promoting importation of iodized salt consistent with WHO standards and implementation of the recommendations of such study; (b) implementation of a monitoring system to gauge the iodine content of imported salt; and (c) supporting IEC campaigns aimed at heightening the population's awareness of the importance of a diet rich in micronutrients;

* * *

The Project is expected to be completed by June 30, 1999.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

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

(a) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of goods and works in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, and with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. For the procurement of drugs, the Borrower shall use the Bank's sample bidding document "Procurement for Drugs and Vaccines" published in September 1993. 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.

(c) To the extent practicable, contracts for works related to the execution of boreholes and the procurement of goods shall be grouped into bid packages estimated to cost the equivalent of \$200,000 or more.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Burkina Faso 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: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A hereof, the Borrower may grant a margin of preference to domestic contractors in

accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. (a) Works, estimated to cost the equivalent of \$200,000 or less per contract, up to an aggregate amount equivalent to \$10,400,000, and (b) goods, supplies and spare parts, estimated to cost the equivalent of \$200,000 or less per contract, up to an aggregate amount equivalent to \$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. Goods, supplies and spare parts estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$1,600,000, 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 acceptable to the Association.

3. Vaccines, vaccination material, medical equipment and micronutrients may be procured directly from United Nations specialized agencies.

Part E: Review by the Association of Procurement Decisions

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

(a) With respect to each contract for works and goods estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract, together with the other information required to be furnished to the Association pursuant to said paragraph 3, shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 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: (a) Parts A (3)(d)(i), (e), B (5) and D of the Project, the Borrower shall employ UNICEF; (b) Parts A (1)(c); (3)(b),(c) and (f), the Borrower shall employ Faso Baara for construction work; (c) other parts of 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 \$75,000 equivalent each, or (b) contracts for the employment of individuals estimated to cost less than \$30,000 equivalent each. However, said exceptions to prior Bank 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 Bank; (d) amendments to contract for the employment of consultants firms raising the contracts value to \$75,000 equivalent or above; or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$30,000 equivalent or above.

SCHEDULE 4

Implementation Program

The Borrower shall:

1. during the execution of the Project, maintain PCU, in adequate offices with adequate equipment, attached to the Secretary General of Health at MS, under the management of a Director, to be assisted by: (i) a deputy director in charge of coordinating the programming and budgeting of all Project components; (ii) an accountant responsible for the Project's accounts; and (iii) support staff; the officer referred to under paragraph (ii) of this section to be recruited in accordance with the provisions of Section II of Schedule 3 to this Agreement; all said positions to remain staffed by suitably qualified and experienced persons acceptable to the Association at all times; said PCU to operate under terms of reference acceptable to the Association, to be in charge of the administration and coordination of Project activities and supervision of Project implementation and progress;
2. recruit, in accordance with the provisions of Section II of Schedule 3 to this Agreement, a qualified accounting firm experienced in working according to the International Accounting Standards, acceptable to the Association, to assist in the establishment of an accounting system for the Project and give periodic support to the Project accountant;
3. provide a detailed implementation plan for the first year of activities under Part D of the Project prior to the Project launch workshop;
4. conduct, prior to the Project launch workshop, a feasibility study, under terms of reference satisfactory to the Association, concerning accelerated importation of iodized salt consistent with WHO standards; thereafter, through transmission of a copy of such study, invite the Association to a review meeting to decide on an action plan based upon the recommendations of such study and implement such action plan prior to March 31, 1996;
5. integrate, prior to the Project launch workshop, micronutrients in the algorithms, supervision manuals, training curricula for the health district teams, patient cards, and ongoing training sessions of MCH and EPI;
6. hold, annually in November, beginning November 1995, a Project implementation review meeting with the Association, based on a report, submitted one month prior to such meeting by PCU, of Project implementation in the year past and a proposed budget for Project implementation in the following year; such meeting to assess Project progress against monitoring indicators agreed upon by the Borrower and the Association, attached to the Program; and to agree on Project activities for the following year;
7. initiate a study, analyzing the hospital sector under terms of reference agreed upon by the Association, to improve: (i) the management and the effective use of services offered, and of financial resources; (ii) the planning of technical equipment required, based upon geographic coverage of hospital facilities; and (iii) the effective use of manpower resources; the actions to be recommended by such study to be suitable to strengthen the tertiary level of the national health system; such study to be completed by June 30, 1995; invite the Association to a review meeting of such study to comment and approve its recommendations;

8. execute base line epidemiological surveys and periodic rapid surveys to detect micronutrient deficiencies; evaluate their impact on the population and report such conclusions to the Association;
9. prepare, by June 30, 1995, a national plan of redeployment, recruitment and training of CHN, CHR and OST staff, acceptable to the Association; such plan to take into account: (i) the newly established personnel norms for DPS, CMAs, CMs and CSPSS according to Decision No 93-304/SASF/SG dated October 18, 1993, and (ii) the recommendations pertaining to human resources, approved by the Association, of the study referred to under paragraph (7) of this Schedule, and implement such plan prior to March 31, 1997;
10. conduct, by July 31, 1995, a national prevalence survey on dracunculiasis and, at the latest prior to the mid-term review referred to in paragraph (a) of Section 3.02 of this Agreement, invite the Association to a review meeting to recommend revisions of the National Plan for Eradication of Dracunculiasis taking account of such survey; and implement such National Plan;
11. conduct, by July 31, 1995, under the supervision of DEP, a national survey of ongoing external financial aid in the health sector, devise a plan, satisfactory to the Association, to monitor and coordinate such aid and implement said plan by July 31, 1996;
12. ensure that CAMEG management meets at all times the performance criteria agreed upon by the Borrower and the Association as reflected in an Attachment to the Program;
13. ensure, in accordance with a timetable attached to the Program, that in all Health Districts: (i) the CMAs and the CSPSS to be constructed or to become operational under the Project are staffed with the minimum personnel as defined in Decision No.93-304/SASF/SG dated October 18, 1993; (ii) the DHTs are working according to a district health development plan established for the district concerned; (iii) the DHT and the CSPSS staff are regularly trained and supervised; (iv) a financial accounting system for each CMA and its respective CSPSS involving the stocking and selling generic drugs is established; and (v) the community management committees for the CMA concerned and each of its CSPSS are duly registered;
14. maintain the Training Unit of CFDS to train the DHTs; and
15. not repeal nor substantially modify, without prior consent of the Association: (i) Decree No. 93-001/PRES/MFPL/SASF/MAT dated January 28, 1993 and Arrete No. 93-015/SASF/MFP/MAT dated February 4, 1993, providing for increased autonomy of the CMAs and CSPSS; (ii) Decree No. 92-127/SAN-ASF dated May 21, 1992, and No. 94-070/PRES/SASF dated February 15, 1994, establishing and regulating CAMEG; and (iii) Decision No. 93-304/SASF/SG dated October 18, 1993, establishing minimum personnel requirements for DPS, CMAs, CMs and CSPSS.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:
 - (a) the term "eligible Categories" means Categories (1) through (9) 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 \$250,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.
2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the 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 a deposit or deposits 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; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall 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.

