

September 28, 1999

The Under Secretary of the Treasury
Inonu Bulvari
Emek-Ankara Republic of Turkey

Re: TURKEY - Loan No. 4201-TU
(Primary Health Care Services Project)
Amendment of the Loan Agreement

Dear Sir:

We refer to the Loan Agreement (Primary Health Care Services Project) dated September 22, 1997 between the Republic of Turkey (the Borrower) and the International Bank for Reconstruction and Development (the Bank). Pursuant to your request dated September 13, 1999 to address the needs of the emergency created by the Marmara earthquake of August 1999, the Bank has agreed to amend the Loan Agreement as follows:

1. Section 1.02 is revised to read:

"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:

- successor
- a) "MOH" means the Borrower' Ministry of Health, and includes any thereto;
 - b) 'PCU' means the Project Coordination Unit established within MOH;
 - c) "Project Provinces" means the Borrower's provinces of Bolu, Kocaeli (Izmit), Istanbul, Sakarya, and Yalova; and
 - d) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement. "

2. Section 2.03 is revised to read:

"Section 2.03 The Closing Date shall be June 30, 2001, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date."

- 3. Schedule 1 of the Loan Agreement is revised as per Attachment 1 to this letter.
- 4. Schedule 2 of the Loan Agreement is revised as per Attachment 2 to this letter.
- 5. Schedule 4 of the Loan Agreement is revised as per Attachment 3 to this letter.
- 6. Schedule 5 of the Loan Agreement is revised as per Attachment 4 to this letter.
- 7. Paragraph 1 (a) of Schedule 6 of the Loan Agreement is amended to read:

"(a) the term "eligible Categories " means Categories (1), (2) and (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement ."

Please confirm your agreement with the foregoing by signing, dating and returning to us the enclosed copy of this letter. Upon receipt by the Bank of the copy of this letter duly countersigned by you, this amendment will become effective as of the date of the counter signature.

Very truly yours,

INTERNATIONAL BANK FOR

RECONSTRUCTION AND DEVELOPMENT

By /s/ Ajay Chibber
Country Director
FYR of Macedonia and Turkey
Europe and Central Asia Region

AGREED:

REPUBLIC OF TURKEY

By /s/ Inonu Bulvari
Authorized Representative

Date: 9/28/99

ATTACHMENT

SCHEDULE 2

Description of the Project

The objective of the Project is to sustain and restore health services to population affected by Marmara earthquake of August 1999 and to maintain public health particularly among the population dislocated from their homes by said earthquake.

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

Part A: Pilot Primary Health Care Services

1. Provision of technical assistance to support the health care services in the Project Provinces, to address the needs created by the earthquake of August 1999.
2. Provision of technical assistance to establish an epidemiological surveillance system to monitor morbidity and mortality in persons displaced due to provincial and national disasters, and to support relief policies for such disasters.
3. Improve access to essential health care services through rehabilitation, refurbishing and equipping selected public health facilities in each Project Province.
4. Provision of computerized information systems and technical assistance to the provincial health care Directorate in the Project Provinces to support the epidemiological surveillance system and disaster response capacity.

Part B: Monitoring and Evaluation

1. Provision of technical assistance and equipment to set up a monitoring and evaluation system, to undertake systematic outcome evaluation of the implementation of the Project.
2. Provision of technical assistance to PCU to manage the implementation of the Project.

* * *

The Project is expected to be complete by December 31, 2001.

ATTACHMENT 2

SCHEDULE 4

Procurement

Section I. Procurement of Goods and Works

Part A: General

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

Part B: International Competitive Bidding

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

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

Preference for domestically manufactured goods and domestic contractors

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

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods/works estimated to cost less than \$300,000 equivalent per contract, up to an aggregate amount not to exceed \$11,400,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Pre-fabricated health centers and hospitals may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement from UN Agencies Drugs and vaccines may be procured from UNICEF in accordance with the provisions of paragraph 3.9 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

(a) With respect to each contract to be procured pursuant to Parts B and C of Section 1 of this Schedule and estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract to be procured in accordance with the procedures referred to in Part C.2 above and estimated to cost the equivalent of less than \$100,000, the following procedures shall apply:

(i) prior to the selection of any supplier under shopping procedures,

the Borrower shall provide to the Bank a report on the comparison and evaluation of quotations received;

(ii) prior to the execution of any contract procured under shopping procedures, the Borrower shall provide to the Bank a copy of the specifications and the draft contract; and

(iii) the procedures set forth in paragraphs 2(f), 2(g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

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

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for technical assistance, including epidemiological surveillance under Part A.2 of the Project, estimated to cost less than \$200,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services for PCU may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

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

2. Prior Review

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

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

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

ATTACHMENT 3

SCHEDULE 5

Implementation Program

1. The Borrower shall assign overall responsibility for the carrying out of the Project to the PCU, which shall, under the overall supervision and guidance of the MOH, carry out the Project in accordance with the project implementation plan, agreed with the Bank on May 22, 1997.

2. The Borrower shall ensure that PCU is maintained with adequate staff, funds, facilities and other resources required to carry out the Project in a manner satisfactory to the Bank.

3. The MOH shall:

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

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about June 30, 2000, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by September 30, 2000, or such later date as the Bank shall request, the report referred to in subparagraph (b) of this paragraph, and thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof; based on the conclusions and recommendations of the said report and the Bank views on the matter.