

**CONFORMED COPY**

**CREDIT NUMBER 3454 CM**

# **Development Credit Agreement**

**(Multisectoral HIV/AIDS Project)**

**between**

**REPUBLIC OF CAMEROON**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated March 7, 2001**

**CREDIT NUMBER 3454 CM**

**DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated March 7, 2001, between REPUBLIC OF CAMEROON (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Association has received from the Borrower a letter dated September 18, 2000 transmitting its National Strategic Plan for the Fight against HIV/AIDS in Cameroon for the years 2000 through 2005, which describes the Borrower's program of actions, objectives and policies designed to prevent and control the HIV/AIDS epidemic (the Program), and declaring the Borrower's commitment to the execution of the Program;

(C) the Executive Directors of the Association approved, on September 12, 2000, the Multi-Country HIV/AIDS Program for the Africa Region estimated in the amount of SDR 378,400,000 over the next three years;

(D) the Project is part of the Multi-Country HIV/AIDS Program for the Africa Region; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

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

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

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

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

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

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

- (a) “AIDS” means the Acquired Immune Deficiency Syndrome;
- (b) “Beneficiary” means a community in a rural or urban area or a HIV/AIDS vulnerable group which has met the eligibility criteria set out in the Project Implementation Manual (as hereinafter defined) and the requirements of Schedule 4 to this Agreement and which, as a result, has received or is entitled to receive part of the proceeds of the Credit for the carrying out of a Subproject (as hereinafter defined);
- (c) “CAA” means Caisse Autonome d’Amortissement, a public financial institution of the Borrower;
- (d) “CENAME” means Centrale Nationale d’Approvisionnement en Médicaments et Consommables Médicaux Essentiels, the Borrower’s national center for supply of essential generic drugs and medical consumables;
- (e) “CFA Franc” or “CFAF” means the currency of the Borrower;
- (f) “CMS” means Commission Mixte de Suivi auprès du Comité National de Lutte contre le SIDA, the Borrower’s monitoring commission established to provide advice to the CNLS (as hereinafter defined) and responsible for the monitoring and control of Project activities and use of funds, established and operating pursuant to the Borrower’s Decision No.76/D/MSP/CAB dated December 5, 2000;
- (g) “CNLS” means Comité National de Lutte contre le SIDA, the Borrower’s national committee to fight against HIV/AIDS established and operating pursuant to the Borrower’s Decision No. 209/D/MSP/CAB dated December 2, 1998 portant Réorganisation de la Lutte contre le SIDA au Cameroun;
- (h) “CPLS” means Comité Provincial de Lutte contre le SIDA, any of the Borrower’s provincial committees to fight against HIV/AIDS established in each of the Borrower’s Provinces and operating pursuant to the Borrower’s Decision No. 209/D/MSP/CAB dated December 2, 1998 portant Réorganisation de la Lutte contre le SIDA au Cameroun;
- (i) “Focal Point” means a small team to be established in various sectors such as health, communication, transport, defense, education, agriculture, public works, youth and sport, tourism and women affairs, to design and implement specific sector strategies against HIV/AIDS;

(j) “Financial and Accounting Procedures Manual” means the manual to be adopted pursuant to Section 5.01 (c) of this Agreement outlining financial and accounting procedures and guidelines to be followed in the implementation of the Project;

(k) “GTC” means Groupe Technique Central of the CNLS, the technical and executive body of the CNLS established and operating pursuant to the Borrower’s Decision No. 0042/MSP/CAB dated October 3, 2000 portant réorganisation et fonctionnement du Groupe Technique Central du Comité National de Lutte contre le SIDA;

(l) “GTP” means Groupe Technique Provincial of the CPLS, any technical and executive body of the CPLS to be established and operating in each of the Borrower’s Provinces;

(m) “HIV” means the Human Immuno-Deficiency Virus;

(n) “MINEFI” means the Borrower’s Ministry responsible for economy and finance;

(o) “MINPAT” means the Borrower’s Ministry responsible for public investments and regional development;

(p) “MINSANTE” means the Borrower’s Ministry responsible for public health;

(q) “Project Account” means the account to be opened pursuant to Section 3.02 of this Agreement;

(r) “Program Implementation Manual” means the manual to be adopted pursuant to Section 5.01 (b) of this Agreement, outlining policies, procedures and guidelines to be followed in the implementation of the Project;

(s) “Project Management Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(t) “Project Preparation Advance” means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on November 6, 2000 and on behalf of the Borrower on November 17, 2000;

(u) “Province” means any of the ten administrative areas of the Borrower’s territory and “Provinces” means all of these areas;

(v) “Second Generation Special Accounts” means the accounts referred to in Section 2.02 (c) of this Agreement;

(w) “Special Accounts” means the accounts referred to in Section 2.02 (b) of this Agreement;

(x) “Subproject” means a specific activity financed, or proposed to be financed, out of the proceeds of the Credit, to be carried out under Part A of the Project, in accordance with the policies and procedures set forth in the Financial and Accounting Procedures Manual and outlined in Section 5 of Schedule 4 to this Agreement; and

(y) "Subproject Agreement" means the agreement referred to in Section 5 of Schedule 4 to 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 thirty-nine million two hundred thousand Special Drawing Rights (SDR 39,200,000).

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: (i) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit; and (ii) amounts paid (or, if the Association shall so agree, amounts to be paid) by the Borrower on account of withdrawals made to meet the reasonable cost of goods and services required for any Subproject in respect of which the withdrawal from the Credit Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFAF two separate special deposit accounts in a commercial bank on terms and conditions satisfactory to the Association: (i) Special Account A in respect of Part A of the Project; and (ii) Special Account B in respect of Parts B, C, D and E of the Project; said terms and conditions shall include appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) The Borrower may additionally open and maintain in CFAF, for the benefit of a GTP in each Province, one Second Generation Special Account of Special Account A and one Second Generation Special Account of Special Account B, in a local correspondent bank or branch of the commercial bank referred to in Section 2.02 (b) above, on terms and conditions satisfactory to the Association.

(d) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be December 31, 2005 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

principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

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

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

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

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

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each May 1 and November 1 commencing May 1, 2011 and ending November 1, 2040. Each installment to and including the installment payable on November 1, 2020 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a

paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

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

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

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

### **ARTICLE III**

#### **Execution of the Project**

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

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

Section 3.02. The Borrower shall: (a) open and thereafter maintain, until the completion of the Project, a Project Account in a commercial bank acceptable to the Association into which the Borrower shall deposit its counterpart contributions to the costs of the Project; (b) deposit an initial amount equivalent to CFAF four hundred fifty million (CFAF 450,000,000) (the Initial Deposit) in the Project Account, being the Borrower's estimated counterpart contributions to the costs of the Project for the first three months of Project implementation; and (c) thereafter, during each following semester, deposit into the Project Account the amounts required to cover the Borrower's counterpart contributions for each such quarter, as determined by the Borrower and the Association.

Section 3.03. Except as the Association shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the

and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

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

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

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

## **ARTICLE IV**

### **Financial Covenants**

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with accounting standards acceptable to the Association, consistently applied, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for the Special Accounts and Second Generation Special Accounts for each fiscal year audited, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;

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

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



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

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

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Borrower, not later than November 30, 2002, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association, each of which:

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

- (iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

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

## **ARTICLE V**

### **Effective Date; Termination**

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions :

- (a) the Project Account has been opened and the Initial Deposit paid into the Project Account;
- (b) the Borrower has adopted the Program Implementation Manual in form and substance satisfactory to the Association;
- (c) the Borrower has adopted the Financial and Accounting Procedures Manual in form and substance satisfactory to the Association;
- (d) the Borrower has established an accounting and financial management system for the Project satisfactory for the Association; and
- (e) the Borrower has employed accounting firms for Project bookkeeping in the GTC and the GTPs in accordance with the provisions of Section II of Schedule 3 to this Agreement.

Section 5.02 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 VI**

### **Representative of the Borrower; Addresses**

Section 6.01. The Minister of the Borrower at the time responsible for public investments and regional development is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of

the General Conditions:

For the Borrower:

Ministry of Public Investments and  
Regional Development  
Yaoundé  
Republic of Cameroon

|                |         |                |
|----------------|---------|----------------|
| Cable address: | Telex:  | Facsimile:     |
| MINPAT         | 8203 KN | (237) 22 15 09 |

With copy to:

Ministry of Economy and Finance  
Yaoundé  
Republic of Cameroon

|                   |         |                |
|-------------------|---------|----------------|
| Cable address:    | Telex:  | Facsimile:     |
| MINEFI<br>Yaoundé | 8260 KN | (237) 23 37 17 |

Caisse Autonome d'Amortissement  
P.O. Box 7167  
Yaoundé  
Republic of Cameroon

|                |          |                |
|----------------|----------|----------------|
| Cable address: | Telex:   | Facsimile:     |
| CAA<br>Yaoundé | 88858 KN | (237) 22 01 29 |

For the Association:

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

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

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

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

REPUBLIC OF CAMEROON

By /s/ Raymond Epoté  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo  
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:

| <u>Category</u>                          | <u>Amount of the<br/>Credit Allocated<br/>(Expressed in<br/>SDR Equivalent)</u> | <u>% of<br/>Expenditures<br/>to be Financed</u>                  |
|--|---|--|
| (1) Subprojects                          | 19,600,000  | 100% of amounts<br>disbursed                                     |
| (2) Goods:                               |   | 100% of foreign<br>expenditures and<br>85% of local expenditures |
| (a) vehicles, materials<br>and equipment | 1,570,000   |  |

|     |   |            |   |
|-----|---|------------|---|
|     | (b) drugs and supplies for the treatment of opportunistic infections and STIs | 390,000    |   |
| (3) | Consultants' services, training and audits                                    | 9,400,000  | 100%  |
| (4) | Incremental operating costs   | 5,490,000  | 80% of local expenditures                                 |
| (5) | Refunding of Project Preparation Advance                                      | 620,000    | Amount due pursuant to Section 2.02 (d) of this Agreement |
| (6) | Unallocated   | 2,130,000  |   |
|     | TOTAL   | 39,200,000 |   |

2. For the purposes of this Schedule:

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

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

(c) the term "STIs" means sexually transmitted infections; and

(d) the term "Incremental operating costs" means incremental expenditures incurred on account of Project implementation, management and monitoring, including office supplies, vehicle operation, travel and supervision costs, but excluding salaries of officials of the Borrower's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of :

(a) payments made for expenditures prior to the date of this Agreement;

(b) expenditures under Category (1) unless: (i) the Subproject in question has been approved in accordance with the procedures, guidelines, eligible criteria, and other provisions set out or referred to in the Financial and Accounting Procedures Manual and this Agreement; and (ii) the Borrower has taken the decision required for the establishment and operation of the GTPs

(ii) the Borrower has taken the decision required for the establishment and operation of the GTPs

in each of its Provinces; and

(c) expenditures under Category (2) (b) unless MINSANTE shall have entered into an agreement, on terms and conditions satisfactory to the Association, with CENAME for the availability and price ceilings, in the Borrower's territory, of drugs and other medical supplies, as previously determined in agreement between MINEFI and MINSANTE, related to HIV/AIDS at appropriate and affordable prices.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) goods and the employment of consulting firms under contracts costing less than \$100,000 equivalent each; (b) the employment of individual consultants under contracts costing less than \$50,000 equivalent each; and (c) training and incremental operating costs; all 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, which forms a part of the Borrower's Program, are to assist in the carrying out of said Program to curb the spread of the HIV/AIDS epidemic in the Borrower's territory and to mitigate its impact for all those who are infected by HIV/AIDS through: (a) strengthening of the capacity of communities to design and implement action plans for HIV/AIDS; and (b) support to the design and implementation of specific HIV/AIDS strategies.

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: Support to Local Responses

The carrying out of Subprojects for HIV/AIDS community action plans developed and to be implemented through a participatory process.

#### Part B: Health Sector

- (a) Assistance in epidemiological and behavioral surveillance in selected sites;
- (b) assistance in prevention and voluntary testing and counseling; and
- (c) care and treatment of people living with HIV/AIDS;

all through the acquisition of medical supplies and drugs, the provision of training of health staff including traditional healers and birth attendants and technical advisory services.

#### Part C: HIV/AIDS Sector Strategies

Identification and establishment of Focal Points to design and implement HIV/AIDS sector strategies, including communication strategies, action plans for the development of said sector strategies, and funding arrangements for the implementation of said action plans, through the provision of training and technical advisory services and the acquisition of medical supplies and drugs.

Part D:            Capacity Building

Strengthening the institutional, financial and technical capacity of the Borrower and public and private sector entities participating in the HIV/AIDS epidemic control activities and efforts, including:

(a) the strengthening of HIV/AIDS committees at the national, provincial, communal and local community levels; and

(b) the training of Project staff, Focal Points, facilitators of participating processes at the community level, communication specialists, staff in financial institutions, and community members.

Part E:            Project Coordination

Assistance in the programming, coordination and monitoring of Program activities by the GTC and the GTPs, and the HIV/AIDS committees at the national, provincial and communal levels.

\* \* \*

The Project is expected to be completed by June 30, 2005

### **SCHEDULE 3**

#### **Procurement and Consultants' Services**

Section I.        Procurement of Goods

Part A:            General

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

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

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

Part B: International Competitive Bidding

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

(a) Grouping of contracts

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

(b) Preference for domestically manufactured goods

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

Part C: Other Procurement Procedures

1. National Competitive Bidding

Office furniture, equipment and materials estimated to cost \$20,000 equivalent or more but less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$1,000,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

Small office equipment and furniture, printed and other instructional materials estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured under contracts awarded on the basis of international or national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Direct Contracting

(a) Medical equipment and supplies, other specialist equipment and spare parts related to HIV/AIDS, costing \$10,000 equivalent or less per contract, up to an aggregate amount not to exceed \$300,000 equivalent; and (b) HIV rapid tests costing more than \$10,000



parts related to HIV/AIDS, costing \$10,000 equivalent or less per contract, up to an aggregate amount not to exceed \$300,000 equivalent; and (b) HIV rapid tests costing more than \$10,000 equivalent per contract, up to an aggregate not to exceed \$200,000 equivalent, with the Association's prior agreement, may be procured from a particular supplier in accordance with the provisions of paragraph 3.7 of the Guidelines.

4. Procurement from UN Agencies

Motorcycles, vehicles and computers, up to an aggregate amount not to exceed \$1,500,000 equivalent, may be procured from the Inter-Agency Procurement Services Office of the United Nations (IAPSO) in accordance with the provisions of paragraph 3.9 of the Guidelines.

5. Community Participation

Goods required for Part A of the Project shall, pursuant to paragraph 3.15 of the Guidelines, be procured in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

With respect to: (i) each contract for goods estimated to cost the equivalent of \$100,000 or more; and (ii) the first three contracts to be procured under national competitive bidding procedures, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

1. Consultants' services shall be procured in accordance with: (a) the provisions of the

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

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

Part B: Quality- and Cost-based Selection

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

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for the Project, estimated to cost less than \$50,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for financial audits estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services for facilitation of community participation processes and sub-contracted activities referred to in Section 3 of Schedule 4 to this Agreement estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$400,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Single Source Selection

Services for: (a) training; (b) specific tasks; and (c) small assignments, which are

Services for: (a) training; (b) specific tasks; and (c) small assignments, which are estimated to cost less than \$10,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

4. Individual Consultants

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

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

1. Selection Planning

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

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more and the first two contracts in each Province referred to in Section 3 of Schedule 4 to this Agreement, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

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

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply, provided, however, that the terms of reference and the short list of all consultants shall be communicated to the Association for prior review and approval.

## **SCHEDULE 4**

### **Implementation Program**

#### General

1. Except as the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the provisions of the Program Implementation Manual and the Financial and Accounting Procedures Manual. Said Manuals shall not be amended or waived without the Association's prior written approval.

2. The HIV/AIDS Committees at the national level (CNLS), at the provincial level (CPLS), at the communal level and at the local community level shall be responsible for the definition of strategies and action plans under the Program. Said Committees shall be respectively supported in the daily implementation of the Program by the GTC, the GTPs, and a technician at the communal level. At the local community level, the Committees shall be established through a participatory process.

3. The Borrower shall arrange for the following Program activities to be subcontracted by the CNLS/GTC and the CPLS/GTPs with any appropriate organization or group through a contract on an annual basis, in accordance with the procedures, guidelines and selection criteria and other provisions set forth in the Program Implementation Manual: facilitation of community participation processes for the preparation and carrying out of Subprojects; communication strategy under Part D of the Project; accounting and transfer of funds under Parts A and E of the Project; and epidemiological and behavioral surveys under Part B of the Project.

4. Not later than November 30, 2001, and thereafter by November 30 of each year, the Borrower shall, through the GTC, furnish to the CNLS and the Association, for their review and approval, proposed detailed work plans, including training programs, and proposed budgets in respect of Project activities for the forthcoming fiscal year.

#### Policies and Procedures for the Subprojects

5. Subprojects shall be approved in accordance with the procedures, guidelines, eligible criteria and other provisions set forth in detail in the Financial and Accounting Procedures Manual and outlined hereunder:

(a) Proposed Beneficiaries shall have: (i) been part of the participative process to develop a specific action plan; (ii) established their own HIV/AIDS Committee; (iii) developed a specific action plan; (iv) acquired a legal personality; and (v) opened a bank account into which part of the proceeds of the Credit would be channeled.

(b) Subprojects shall consist of eligible specific activities to fight against HIV/AIDS as part of the action plan referred to in (a) above and set forth in detail in the Financial and Accounting Procedures Manual. They shall include, but not be limited to: IEC (Information,

as part of the action plan referred to in (a) above and set forth in detail in the Financial and Accounting Procedures Manual. They shall include, but not be limited to: IEC (Information, Education and Communication) activities, awareness and prevention campaigns, promotion of behavior change, financial and other support to orphans and AIDS patients, condom distribution, community-based care activities (including the purchase of selected drugs for AIDS patients).

(c) Subprojects shall be carried out pursuant to agreements concluded between the relevant HIV/AIDS Committee at the communal level and the Beneficiary, on terms and conditions set forth in the Financial and Accounting Procedures Manual, satisfactory to the Association (the Subproject Agreement).

(d) The Subproject Agreement shall provide for rights adequate to protect the interests of the Association, the Borrower, the relevant HIV/AIDS Committee at the communal level and the GTP, including to the extent that it shall be appropriate, the right to require the Beneficiary to:

- (i) carry out the Subproject with due diligence and efficiency and in accordance with sound administrative, financial, health, technical and managerial standards;
- (ii) maintain adequate records for the Subproject concerned;
- (iii) procure all goods, works and services required for a Subproject in accordance with the provisions of Schedule 3 to this Agreement;
- (iv) use the goods, works and services so procured exclusively in the carrying out of the Subproject; and
- (v) permit the relevant HIV/AIDS Committee at the communal level or the GTP or the Borrower to inspect, by itself or jointly with representatives of the Association if the Association shall so request, any goods, works, plants and construction included in the Subproject, the operation thereof, and any relevant records and documents.

(e) Without limitation or restriction upon the provisions of the preceding subparagraphs of this paragraph, a Subproject Agreement shall: (i) specify the contribution to be made by a Beneficiary carrying out a Subproject to the total costs of the Subproject; and (ii) provide for the right of GTC or GTP to suspend or terminate the right of the Beneficiary to the use of the proceeds of the Credit upon the failure by the Beneficiary to perform any of its obligations under the Subproject Agreement.

#### Monitoring and Evaluation

6. The Borrower shall:

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

(b) prepare, under terms of reference satisfactory to the Association, and furnish to

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, beginning on or about June 30, 2001, and thereafter on or about March 31 of each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the 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 Association, by May 1, 2003, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

## **SCHEDULE 5**

### **Special Accounts**

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: (i) with respect to Special Account A, Category (1) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and (ii) with respect to Special Account B, Categories (2), (3) and (4) set forth in the said table;

(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 in respect of: (i) Special Account A, an amount equivalent to CFAF 2,800,000,000 to be withdrawn from the Credit Account and deposited into the Special Account A pursuant to paragraph 3 (a) of this Schedule; and (ii) Special Account B, an amount equivalent to CFAF 2,450,000,000 to be withdrawn from the Credit Account and deposited into the Special Account B 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 1,400,000,000 in respect of Special Account A and CFAF 1,225,000,000 in respect of Special Account B until the aggregate amount of withdrawals from the Credit Account, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions, shall be equal to or exceed the equivalent of SDR 7,000,000.

2. Payments out of the respective 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 respective Special Account have been duly opened, withdrawals of the Authorized Allocation and subsequent

3. After the Association has received evidence satisfactory to it that the respective Special Account have been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective 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 respective 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 respective Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposits into the respective 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 respective 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 Accounts 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 respective 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 any 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 Accounts;

(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 for the respective Special Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the respective Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for the Project 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 respective 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 any 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 respective 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 any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in any 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 Accounts.

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

7. (a) (i) The Borrower shall withdraw from the Special Account A and deposit into each Second Generation Special Account funds to assist the relevant GTP to pay for goods and services under Part A the Project. Such withdrawals and deposits shall be in amounts sufficient to assist each GTP in the manner contemplated in Schedule 1 to this Agreement, to pay for such goods and services in due course, provided that, at no time, shall the Borrower cause the amount held in any Second Generation Special Account to exceed the equivalent of CFAF 200,000,000;



goods and services in due course, provided that, at no time, shall the Borrower cause the amount held in any Second Generation Special Account to exceed the equivalent of CFAF 200,000,000; and (ii) the Borrower shall withdraw from the Special Account B and deposit into each Second Generation Special Account funds to assist the relevant GTP to pay for goods and services under Parts B, C, D and E of the Project. Such withdrawals and deposits shall be in amounts sufficient to assist each GTP in the manner contemplated in Schedule 1 to this Agreement, to pay for such goods and services in due course, provided that, at no time, shall the Borrower cause the amount held in any Second Generation Special Account to exceed the equivalent of CFAF 50,000,000.

(b) Any withdrawal from any Second Generation Special Account must be justified to the Borrower by the same documentation and other evidence regarding eligible expenditures provided for under paragraph 3 of this Schedule.

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

