

CONFORMED COPY

CREDIT NUMBER 3326-YEM

Development Credit Agreement

(Child Development Project)

between

REPUBLIC OF YEMEN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 3, 2000

CREDIT NUMBER 3326-YEM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 3, 2000, between REPUBLIC OF YEMEN (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 Borrower intends to contract from UNICEF (as this term is hereinafter defined) a grant (the UNICEF Grant) in an amount equivalent to twelve million four hundred thousand dollars (\$12,400,000) to finance Parts B.2, E.2, F.2, G.2, H.2, I.2 and K.2 of the Project on the terms and conditions set forth in an agreement (the UNICEF Grant Agreement) entered into between the Borrower and UNICEF on December 29, 1998; 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 December 2, 1997) 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 10 of Resolution No. 183 of the Board of Governors of the Association, adopted on June 26, 1996; and 'Participating Countries' means, collectively, all such countries."

(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) "Cooperation Agreement for Project Assistance" means the agreement entered into between the Borrower and UNICEF (as this term is hereinafter defined) on February 14, 2000, pursuant to which UNICEF shall, in consideration of a management fee, undertake certain responsibilities pertaining to the implementation of the Project, including, without limitation, responsibilities for the procurement of works, consultants services and certain goods under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project, the development of annual Project implementation plans and the preparation of annual budgets;

(b) "Eligible Categories" means Categories (1), (2), (3), (4), (5) and (6) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(c) "Eligible Expenditures" means the expenditures for goods, works and services referred to in Section 2.02 of this Agreement;

(d) "Environmental Management Plan" means the Borrower's plan, dated December 1998, as such plan may be updated from time to time by agreement of the Borrower and the Association, for implementation of the Project in accordance with appropriate environmental standards and guidelines, and includes an environmental mitigation plan, an environmental monitoring plan and certain institutional strengthening measures;

(e) "GAREWS" means the General Authority for Rural Electrification and Water Supply of the Borrower established pursuant to Presidential Decree No. 230 of 1992, as the same may be amended from time to time;

(f) "HCMC" means the Higher Council for Motherhood and Childhood, an organization established under the laws of the Republic of Yemen pursuant to Presidential Decree No. 321, dated September 20, 1999, as the same may be amended from time to time;

(g) "MOE" means the Ministry of Education of the Borrower;

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

(i) "Operations Manual" means the Borrower's manual, acceptable to the Association, issued on July 31, 1999, setting out, inter alia, the procedures and criteria pursuant to which districts in the Project Area (as this term is hereinafter

defined) shall be selected for the carrying out of certain activities contemplated under the Project;

(j) "PCU" means the Project Coordination Unit to be established within HCMC (as this term is hereinafter defined) in accordance with the provisions of Section 6.01 (c) of this Agreement;

(k) "Project Area" means the governorates of Sana'a, Hajja, Hodeida, Ibb, Almahra, Lahej, Abyan, Amaran and A'Dalia;

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

(m) "Special Account" means the account referred to in Part B of Schedule 1 to this Agreement;

(n) "Steering Committee" means the committee to be established in accordance with the provisions of Section 6.01 (b) to this Agreement; and

(o) "UNICEF" means the United Nations Children's Fund, an inter-governmental organization established by the General Assembly of the United Nations by Resolution No. 57 (i), dated December 11, 1946, as a subsidiary organ of the United Nations, having its headquarters at UNICEF House, 3 United Nations Plaza, New York, New York 10017.

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 this Agreement, an amount in various currencies equivalent to twenty one million two hundred thousand Special Drawing Rights (SDR21,200,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

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 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty (60) 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 March 15 and September 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each March 15 and September 15 commencing September 15, 2010, and ending March 15, 2040. Each installment to and including the installment payable on March 15, 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 (6) 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 United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, and environmental 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, the Environmental Management Plan, the Operations Manual and the provisions of the Cooperation Agreement for Project Assistance.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works, and consultants' services required for Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 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 for the continued achievement of the Project's objectives; and (b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

Section 3.04. The Borrower shall, until completion of the Project: (a) retain UNICEF under the Cooperation Agreement for Project Assistance; and (b) promptly inform the Association of any condition, act, omission or potential dispute which shall interfere, or threaten to interfere, with the performance of either party of its obligations under the Cooperation Agreement for Project Assistance.

ARTICLE IV

Financial Covenants

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

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account 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 (6) months after the end of each fiscal 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 financial statements, records and accounts and a report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of Project Management Reports, 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 (1) 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 submitted during each 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. The Borrower shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, a Project Management Report for such period which:

(a) (i) 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 (ii) 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;

(b) (i) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (ii) explains variances between actual and previously forecast implementation targets; and

(c) sets forth the status of procurement under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of 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.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) UNICEF shall have failed to perform any of its obligations under the Cooperation Agreement for Project Assistance.

(b) The Cooperation Agreement for Project Assistance shall have been amended, suspended, terminated or waived so as to affect materially and adversely the ability of UNICEF to perform any of its obligations thereunder.

(c) (i) Subject to subparagraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of the UNICEF Grant shall have been suspended, canceled or terminated, in whole or in part, pursuant to the terms of the agreement providing therefor.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower shall establish to the satisfaction of the Association that: (A) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for Parts B.2, E.2, F.2, G.2, H.2, I.2 and K.2 of the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower;

(b) the event specified in paragraph (b) of Section 5.01 of this Agreement shall occur; and

(c) the event specified in paragraph (c) (i) of Section 5.01 of this Agreement shall occur, subject to the provisions of paragraph (c) (ii).

ARTICLE VI

Effective Date; Termination

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

(a) that the financial management system referred to under Section 4.01 (a) of this Agreement has been established and is deemed to be acceptable to the Association;

(b) that a committee responsible for overseeing the carrying out of the Project has been established with membership and terms of reference acceptable to the Association; and

(c) that a Project coordination unit has been established with experienced staff in adequate numbers whose qualifications are acceptable to the Association.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the Cooperation Agreement for Project Assistance has been duly authorized or ratified by the Borrower, and is legally binding upon the Borrower in accordance with its terms.

Section 6.03. 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

Representative of the Borrower; Addresses

Section 7.01. The Minister of Planning and Development of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

Ministry of Planning and Development
P. O. Box 175
Sana'a
Republic of Yemen

Cable address:

2266

Telex:

CENPLAN YE

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

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 YEMEN

By /s/ Ahmed Sofan

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Kemal Dervis

Regional Vice President
Middle East and North 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) Civil works under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project	3,100,000	90%
(2) Goods under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project	10,200,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost); and 85% of local expenditures for other items procured locally
(3) Consultants' services under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project	2,600,000	100%
(4) Training under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project	1,300,000	100%
(5) Project Management and UNICEF's management fee	900,000	100%
(6) Operational Support and textbook distribution under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project	1,300,000	70%
(7) Unallocated	1,800,000	

TOTAL 21,200,000

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;

(c) the term "Project Management" means, expenditures, on account of Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project, for the management services provided by the PCU staff; and

(d) the term "Operational Support" means expenditures, on account of Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project, for transportation costs, utility charges and office supplies.

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.

B. Special Account

1. The Borrower shall open and maintain in dollars a special deposit account in its Central Bank on terms and conditions satisfactory to the Association for the purposes of Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into the Special Account in accordance with the provisions of this Schedule. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. 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.

2. Except as the Association shall otherwise agree, after the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals from the Credit Account of amounts to be deposited into the Special Account shall be made as follows:

(a) Each application for withdrawal from the Credit Account shall be supported by a Project Management Report.

(b) Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account an amount equal to the lesser of: (i) the amount so requested; and (ii) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said report to be remaining in the Special Account, shall not exceed the equivalent of \$1,000,000. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Special Account's Eligible Categories.

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

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

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

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

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

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

5. (a) If the Association determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment.

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

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

(d) Refunds to the Association made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 5 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in implementing policies and strategies whose objectives are to improve the health and nutrition of children under five (5) years of age and the educational status of primary school girls in economically disadvantaged parts of the country.

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: Capacity Building Program for Project Area Communities

Carrying out a program whose objective is to assist local communities in identifying health, nutrition and education issues affecting their daily lives, and in planning productive initiatives in each of the three above-mentioned sectors.

Part B: Health System Strengthening

1. Carrying out, through the execution of works, a program to rehabilitate pilot referral health facilities, health centers and health units, and another program, consisting of the provision of training and technical assistance, to improve the operational capabilities of health offices in the Project Area.

2. Provision of goods to equip the facilities, centers and units referred to under Part B.1 of the Project.

Part C: Integrated Management of Childhood Illnesses

Carrying out, through the provision of goods, including oral re-hydration solution sachets, expert services and training of physicians and health workers, a

program to develop, and thereafter implement, a management strategy to integrate approaches to the treatment of children stricken by acute respiratory infections, diarrheal diseases, malaria, measles and malnutrition.

Part D: Immunization Program

Carrying out, through the provision of goods, including vaccines, expert services and training, a program to increase the coverage rate of vaccines for measles, tetanus, whooping cough, tuberculosis and poliomyelitis, and the enhancement of the capabilities of local health facilities to cope with childhood illnesses.

Part E: Safe Motherhood

1. Carrying out, through the provision of goods and expert services, a program to enhance the quality of obstetric services and the ability of hospitals and health centers to perform child deliveries.

2. Carrying out a training program, including workshops, to educate outreach workers and other health facilities' personnel on pre- and post-natal care.

Part F: Water and Sanitation Schemes

1. Carrying out, through the provision of technical assistance, training and the execution of works, a program to provide drinking water and sanitation services to selected communities and districts in the Project Area.

2. Provision of goods required for the carrying out of the technical assistance, training and works referred to under Part F.1 of the Project.

Part G: Nutrition Programs

1. Provision of technical assistance and training to selected nutrition specialists in the Project Area in the field of nutrition surveillance and analysis.

2. Provision of medical and growth monitoring equipment to local health facilities to strengthen their capabilities of assessing and analyzing children's nutritional problems.

Part H: Community Schools

1. Preparation of architectural designs, in connection with schools to be built and rehabilitated under Part H.2 of the Project, and the carrying out of a training program for community schools administrators in the Project Area.

2. Carrying out, through the execution of works and the provision of goods, study visits and expert services, a program to rehabilitate existing schools and build new schools, and improve the quality of teaching and learning in the Project Area.

Part I: Female Teacher Training

1. Carrying out, through the provision of goods and expert services, a program to modernize and improve the existing training curriculum for school teachers.

2. Carrying out a program, consisting of workshops, with a view to training female teachers on the modernized curriculum referred to under Part I.1 of the Project.

Part J: Textbook Storage and Distribution

Carrying out, through the execution of works and the provision of goods, expert services and training, a program to rehabilitate existing textbook storage facilities, build new textbook storage facilities and improve the existing textbook distribution system.

Part K: Early Childhood Development

1. Carrying out a program, consisting of the provision of expert services and training, to (a) evaluate child rearing practices and child care needs prevalent among

economically disadvantaged families in urban and rural areas, and child care services currently available to said families; (b) design and implement community-based, financially sustainable interventions aimed at improving early childhood development; and (c) evaluate the developmental impact of said interventions.

2. Provision of goods and execution of small works required to carry out the activities referred to under Part K.1 of the Project.

* * *

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

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project

Part A: General

1. Goods and works shall be procured in accordance with (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Association in January 1995 and revised in January and August 1996, September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Guidelines), and (b) the provisions of the following Parts of this Section I.

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

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods 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 \$200,000 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.

(c) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost \$200,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Works estimated to cost the equivalent of \$50,000 or more per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. Procurement of Small Works

Works estimated to cost less than \$50,000 equivalent per contract may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

3. International Shopping

Goods estimated to cost less than \$150,000 equivalent per contract, up to an aggregate amount not to exceed \$260,000 equivalent, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

4. National Shopping

Goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$374,000 equivalent, 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.

5. Procurement from UNICEF

Oral re-hydration solution sachets under Part C of the Project, and vaccines and related accessories under Part D of the Project, may be procured from UNICEF in accordance with the provisions of paragraph 3.9 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to the first contract for works, the first contract for goods, each contract for works estimated to cost the equivalent of \$150,000 or more and each contract for goods estimated to cost the equivalent of \$200,000 or more, 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 under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project

Part A: General

1. Consultants' services shall be procured (a) 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 subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following provisions of Parts of this Section II.

2. In paragraphs 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

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.

Part C: Other Procedures for the Selection of Consultants

1. Quality-based Selection

Services estimated to cost less than \$200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Single Source Selection

Services which are estimated to cost less than \$100,000 equivalent per contract, 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.

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

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of 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 and for training activities 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 Association for its prior review and approval. The contract shall be awarded only after 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.

SCHEDULE 4

Implementation Schedule

1. The Borrower shall vest the responsibility for implementing Parts A, B, C, D, E and G of the Project in MOH, Part F of the Project in GAREWS and Parts H, I, J and K in MOE. MOH, GAREWS and MOE shall be assisted in the carrying out of their responsibilities by PCU and UNICEF.

2. In order to ensure proper implementation of Parts A, B.1, C, D, E.1, F.1, G.1,

H.1, I.1, J and K.1 of the Project, the Borrower shall maintain the Steering Committee and PCU, as provided for under Sections 6.01 (b) and 6.01 (c) of this Agreement, respectively. The Steering Committee shall operate under the oversight and guidance of HCMC and shall, in addition to the responsibilities stated under Section 6.01 of this Agreement, be vested with the responsibility, inter alia, for approving annual Project implementation plans prepared by UNICEF and PCU, assessing progress in the carrying out Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project and supervising UNICEF's performance thereunder. PCU shall be responsible for the financial management process and the procurement of goods, other than those to be procured by UNICEF under the Cooperation Agreement for Project Assistance, under Parts A, B.1, C, D, E.1, F.1, G.1, H.1, I.1, J and K.1 of the Project, and for overseeing the implementation of the Environmental Management Plan.

3. 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 the Association, on or about December 31, 2002, 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 March 31, 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.

