Development Grant Agreement

(Malaria Control Support Project)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 9, 2006
DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated November 9, 2006, between THE REPUBLIC OF BENIN (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter from the Recipient, dated February 30, 2006 (Sector Policy Letter), describing a program designed to fight against the spread of Malaria (the Program) and declaring the Recipient’s commitment to the execution of the Program;

(B) the Recipient has requested that the Association assist in the financing of the Program through a series of grants over a period of approximately four years; and

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

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Grant to the Recipient 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 May 1, 2004), with the modifications set forth in Schedule 5 to this Agreement (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:
(a) “ACT” means Artemisinin-based combination therapy;

(b) “CAME” means Centrale d’Achats de Médicaments Essentiels et Consommables Médicaux, the Recipient’s Central Drug Procurement Unit for the Recipient’s public health sector;

(c) “EIA” means the Environmental Impact Assessment dated January 31, 2002 (prepared under the Multi-Sectoral HIV/AIDS Project), adopted by the Recipient;

(d) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(e) “IEC/BCC Campaign” means an Information, Education and Communication and Behavioral Change Communications;

(f) “IPTp” means Intermittent Preventive Treatment for Pregnant Women;

(g) “LLIN” means Long Lasting Insecticidal Net;

(h) “PNLP” means the Programme National de Lutte contre le Paludisme, the Recipient’s National Malaria Control Program, adopted in 1992;

(i) “PNLP Unit” means the Recipient’s National Malaria Control Program Unit, located within the Ministry of Health;

(j) “Procurement Plan” means the Recipient’s procurement plan, dated March 31, 2006 covering the initial 18-month period of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18-month period of Project implementation;

(k) “Project Financial and Accounting Manual” means the Project-specific manual outlining the financial and accounting arrangements for the implementation of the Project, referred to in paragraph 7 of Schedule 4 to this Agreement and adopted pursuant to Section 6.01 (a) of this Agreement, as the same may be amended from time to time, and such term includes any schedules to the Project Financial and Accounting Manual;

(l) “Project Implementation/Operations Manual (PIM)” means the manual referred to in paragraph 7 of Schedule 4 to this Agreement and adopted pursuant to Section 6.01(a) of this Agreement, containing, inter alia, detailed description of Project activities implementation plan, institutional and implementation arrangements and roles
and responsibilities of implementing and coordinating entities, as the same shall be
updated from time to time in agreement with the Association, and such term includes any
schedules and attachments supplemental to the Project Implementation Manual;

(m) “Project Preparation Advance” means the project preparation advance
granted by the Association to the Recipient pursuant to the letter agreement signed on
behalf of the Association on February 22, 2006 and on behalf of the Recipient on
February 28, 2006;

(n) “SNIGS” means the Système National d’Informations et de Gestion
Sanitaires, the Recipient’s national medical monitoring system;

(o) “Special Account” means the account referred to in Section 2.02(b) of
this Agreement;

(p) “SP” means Sulfadoxine-pyrimethamine;

(q) “VMP” means the Vector Management Plan adopted by the Recipient on
January 23, 2006 and disclosed in country on February 10, 2006, which sets forth the
modalities to develop and implement an integrated pest management under the Project;

(r) “Waste Management Plan” means the Waste Management Plan dated
January 31, 2002 adopted by the Recipient (prepared under the Multi-Sectoral HIV/AIDS
Project and redisclosed on December 13, 2005), which sets forth the modalities to
develop and implement an integrated waste management under the Project.

ARTICLE II

The Grant

Section 2.01. The Association agrees to make available to the Recipient, on the
terms and conditions set forth or referred to in this Agreement, an amount in various
currencies equivalent to twenty one million six hundred thousand Special Drawing Rights
(SDR 21,600,000).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Grant
Account in accordance with the provisions of Schedule 1 to this Agreement for
expenditures made (or, if the Association shall so agree, to be made) in respect of the
reasonable cost of goods and services required for carrying out the Project and to be
financed out of the proceeds of the Grant.
(b) The Recipient may, for the purposes of the Project, open and maintain in a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 7 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Recipient, withdraw from the Grant 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 February 28, 2011 or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

Section 2.04. (a) The Recipient shall pay to the Association a commitment charge on the principal amount of the Grant 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 Recipient from the Grant 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 2.04 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 Recipient; and (iii) in the currency of the French Republic or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of Section 4.02 of the General Conditions.

Section 2.05. Commitment charges shall be payable semiannually on April 1 and October 1 in each year.
ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient 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 National Malaria Control Unit within the Ministry of Health with due diligence and efficiency and in conformity with appropriate administrative, medical, environmental and financial 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 Recipient and the Association shall otherwise agree, the Recipient shall carry out the Project in accordance with the implementation program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) Except as the Association shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Association, and furnish such update to the Association not later than 12 months after the date of the preceding Procurement Plan, for the Association’s approval.

Section 3.03. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Recipient shall:

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

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

Financial Covenants

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

(b) The Recipient shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association), commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made, audited, in accordance with consistently applied auditing standards acceptable to the Association, 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 (or such other period agreed to by the Association): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Association), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and

(iii) furnish to the Association such other information concerning such records and accounts, and the audit of such financial statements, 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 Grant Account were made on the basis of statements of expenditure, the Recipient shall:

(i) retain, until at least one year after the Association has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
(ii) enable the Association’s representatives to examine such records; and

(iii) ensure that such statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Association), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient’s progress reporting obligations set out in Schedule 4, the Recipient shall prepare and furnish to the Association a financial monitoring report, in form and substance satisfactory to the Association, which:

(i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Grant, and explains variances between the actual and planned uses of such funds;

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

(iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (I) of the General Conditions, the following additional event is specified, namely, that the Recipient (through its Ministry of Public Health) shall have failed to comply with its obligations described in paragraph 1 of the Sector Policy Letter so as to materially and adversely affect the implementation of the activities of the PNLP.
ARTICLE VI

Effectiveness; Termination

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

(a) The Recipient has adopted the Project Implementation/Operations Manual and the Project Financial and Accounting Manual (including updated standard bidding documents for the CAME), both in form and substance satisfactory to the Association;

(b) The Recipient has furnished to the Association evidence that the Recipient has recruited: (i) the independent auditors referred to in Section 4.01 of this Agreement in accordance with the provisions of Schedule 3 to this Agreement, and (ii) a financial and a procurement specialist to be located within the PNLP Unit, both employed under conditions satisfactory to the Association;

(c) The Recipient has established an accounting and financial management system for the project satisfactory to the Association; and

(d) The Recipient has completed and furnished to the Association an assessment of the supply chain management capacity of the public health sector of the Recipient, together with an action plan satisfactory to the Association setting forth measures to be taken by the Recipient to address any weaknesses identified.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.
ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Minister of the Recipient at the time responsible for finance is designated as representative of the Recipient 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 Recipient:
Ministry of Finance and Economy
B.P. 302
Cotonou
Republic of Benin

Cable address: Telex: Facsimile:
MINFINANCES 5009 MINFIN or (229) 21 30 18 51
Cotonou 5289 CAA (229) 21 31 53 56

For the Association:

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

Cable address: Telex: Facsimile:
INDEVAS 248423 (MCI) (202) 477-6391
Washington, D.C. 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.

THE REPUBLIC OF BENIN

By: /s/ Albert S. Houngbo
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Joseph Baah-Dwomoh
Authorized Representative
SCHEDULE 1

Withdrawal of the Proceeds of the Grant

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Rehabilitation works</td>
<td>110,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, drugs, re-agents and equipment</td>
<td>16,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ Services, training and audits</td>
<td>2,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Operating Costs</td>
<td>800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Refunding of Project Preparation Advance</td>
<td>400,000</td>
<td>Amount due pursuant to Section 2.02 (c) of this Agreement</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>1,590,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>21,600,000</td>
<td></td>
</tr>
</tbody>
</table>

2. For the purposes of this Schedule, the term “operating costs” means incremental recurrent expenditures incurred by the PNLP Unit on account of the Project implementation including office supplies, fuel and maintenance of vehicles, maintenance of equipment, telephone and other communications charges, travel, supervision as well as salaries for the following support personnel for the PNLP: one procurement specialist, one financial management specialist, one pharmacist.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.
4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods costing less than $200,000 equivalent per contract; (b) all works contracts; (c) services of individual consultants costing less than $50,000 equivalent per contract; and (d) services of consulting firms under contracts costing less than $100,000 equivalent per contract, all under such terms and conditions as the Association shall specify by notice to the Recipient.

5. If the Association shall have determined at any time that any amount of the Grant was used in a manner inconsistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Association, refund to the Association for deposit into the Grant Account, an amount equivalent to the amount so used.
SCHEDULE 2

Description of the Project

The objective of the Project is to contribute to strengthen malaria control capacities to improve case management and treatment of malaria, and expand prevention activities.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objective.

Part A: Improving Case Management and Access to Treatment

Improving malaria treatment capacity of the public and private health sectors and qualified NGOs, through the provision of goods, equipment, of technical advisory services, training, and the provision of malarial drugs including ACT to the public sector health clinics at all levels and subsidized prepackaged ACT to the private sector and qualified NGOs.

Part B: Scaling Up Prevention Activities

Introduction of large scale community efforts for malaria prevention, through the provision of training for public and non-public distributors and community mobilizers, the provision of LLINs to vulnerable target groups, IPTp and SP medication for pregnant women, and the organization of IEC/BCC Campaigns.

Part C: Strengthening of Monitoring and Evaluation Activities

Strengthening of the malaria-related monitoring and evaluation system and data management at both the central and operational level, through the provision of financial and technical assistance support, and training, equipment and operational research.

Part D: Program Management, Capacity Building and Promoting Regional Cooperation

1. Project Management

Strengthening of the management capacity of the PNLP, through the provision of financial support for the contracting of additional specified staff and for operating costs
of the PNLP Unit, and for the provision of specified equipment and the carrying out of rehabilitation works related to the execution of the program.

2. **Capacity Strengthening**

   Strengthening of the capacity and expertise of the PNLP staff, MOH and qualified NGOs, through the provision of specified training.

3. **Regional Cooperation and Knowledge Sharing**

   Promotion of regional cooperation and knowledge management regarding malaria prevention, monitoring and control activities through the provision of technical assistance, the carrying out of learning seminars and the provision of financial support to the Ministry of Public Health for inter-regional communication, including travel and communication expenses.

   * * *

   The Project is expected to be completed by August 31, 2010.
SCHEDULE 3

Procurement

Section I. General

A. All goods, works and services (other than consultants’ services) shall be procured in accordance with the provisions of Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants’ services shall be procured in accordance with Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Association of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants’ Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient.

B. Other Procurement Procedures

1. Limited International Bidding. Goods which the Association agrees can only be purchased from a limited number of suppliers may be procured under contracts awarded on the basis of Limited International Bidding.

2. National Competitive Bidding. Drugs and reagents less than $350,000 equivalent per contract, and other goods estimated to cost less than $200,000 equivalent per contract may be procured under contracts awarded on the basis of National Competitive Bidding.
3. **Shopping.** Goods estimated to cost less than $50,000 equivalent per contract and works estimated to cost less than $50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

4. **Direct Contracting.** Drugs and goods which the Association agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.

5. **Procurement from UN Agencies.** ACT drugs regardless of cost may be procured directly from WHO, UNICEF OR UNPD, in accordance with the provisions of paragraphs 3.1 and 3.9 of the Procurement Guidelines, or as otherwise agreed by the Association.

**Section III. Particular Methods of Procurement of Consultants’ Services**

A. **Quality- and Cost-based Selection.** Except as otherwise provided in Part B of this Section, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than $100,000 equivalent per contract may comprise of entirely national consultants.

B. **Other Procedures**

1. **Selection Under a Fixed Budget.** Services for assignments which the Association agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. **Least-cost Selection.** Services for assignments which the Association agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

3. **Selection Based on Consultants’ Qualifications.** Services estimated to cost less than $50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

4. **Single Source Selection.** Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection,
may, with the Association’s prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

5. **Individual Consultants.** Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

**Section IV. Review by the Association of Procurement Decisions**

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of $200,000 or more; (b) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more; (c) each contract for the employment of individual consultants estimated to cost the equivalent of $50,000 or more; (d) each contract on the basis of Consultant Single Source Selection or goods Direct Contracting, regardless of its estimated cost; and (e) the first 3 contracts of each Consultant selection or procurement methods irrespective of amount. In addition, all terms of reference of contracts that estimated cost is greater than US$5,000, and all amendments of contracts raising the initial contract value by more than 15% of original amount or above the prior review thresholds will be subject to Prior Review by the Association. All other contracts shall be subject to Post Review by the Association.
SCHEDULE 4

Implementation Program

Project Supervision and Coordination

The Recipient shall maintain for the duration of the Project implementation: (i) the National Committee responsible for monitoring and evaluation of all projects and programs in the Ministry of Health; and (ii) the monitoring and evaluation cell within the PNLP Unit.

The Recipient shall maintain for the duration of the Project implementation the Ministry of Health Procurement Unit responsible for general procurement and the Essential Drugs Procurement Unit (Centrale d’Achats des Médicaments Essentiels) in charge of essential drugs and bio-medical equipment procurement and storage, and ensure such entities’ coordination with the PNLP for the implementation of the Project.

Project Implementation, Administration, and Management

3. The Recipient shall maintain for the duration of the Project implementation, the PNLP Unit, with staffing acceptable to the Association to be responsible for the day-to-day management of Project activities, including: (i) coordinating the overall implementation of the Project; (ii) managing Project activities implemented at the central level; (iii) monitoring disbursements of funds; (iv) maintaining the books and the accounts of Project activities and producing financial reports; (v) monitoring and evaluating the implementation of the Project; and (vi) reporting results to stakeholders.

4. The Recipient shall maintain for the duration of Project implementation, the Regional Public Health Directorates (Directions Départementales de la Santé Publique) and the related regional malaria control units responsible for supporting local NGOs and community workers in their advocacy activities and in distribution of ITN and ACTs within their Region.

5. The Recipient shall maintain for the duration of Project implementation, the structure of health zones (Zones Sanitaires).

6. The Recipient shall prepare and furnish the Association the Project Manuals (PIM and PFAM), all in form and substance satisfactory to the Association. The PIM shall set out detailed schedules, plans, procedures, eligibility criteria, and administrative, financial and organizational arrangements for the implementation of the Project.
7. The Recipient shall gradually put in place a network of performance-based contractual arrangements between the Ministry of Health and selected NGOs and the health sector’s public institutions in order to improve the quality of health services, all as further described in the PIM, so that at least 34 such contracts will have been signed by no later than 3 months after the Effective Date, unless otherwise agreed by the Association.

Environmental and Safeguard Arrangements

8. The Recipient shall ensure that the Project is implemented in accordance with the guidelines, procedures, timetable and other specifications set forth in the EIA, the Environmental Management Plan, the Waste Management Plan and the Vector Management Plan, as the case may be, and, except as the Association shall otherwise agree, shall not amend or waive any provision of the aforementioned assessments and plans, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

Project Monitoring and Evaluation

9. The Recipient shall maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth on Schedule 6 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof, including development of a national integrated system of management and monitoring for Project implementation. The M&E system will encompass training of staff on data collection and improvement of utilization of data in the annual work plan preparation.

Reviews

10. (a) The Recipient shall, not later than November 30 of each year (starting 2007), undertake, in conjunction with the Association and other interested parties, an annual review of the Project (and submit to Association the review report before December 31). A mid-term review shall be undertaken in conjunction with the Association and other interested parties, not later than 24 months after the Effective Date. During such reviews which they shall exchange views generally on all matters relating to the progress of the Project and the performance by the Recipient of its obligations under this Agreement, having regard to the performance indicators set forth in Schedule 6 to this Agreement.

(b) Not later than one month prior to the reviews referred to in subparagraph (a) above, the Recipient shall furnish to the Association for its comments a
report, in such detail as the Association shall reasonably request, on the progress of the Project and the various matters to be discussed at such reviews.

(c) Following the said reviews, the Recipient, through its annual work plans, shall undertake to act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may have been agreed upon between the Recipient and the Association in furtherance of the objectives of the Project.
SCHEDULE 5

Modifications to the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Sections 3.02, 3.03, 3.04(a), 3.04(b), 6.05 and Article VII are deleted in their entirety.

2. Wherever used in the General Conditions, the following terms are modified to read as follows:
   (a) The term “Borrower” is modified to read “Recipient”.
   (b) The term “Credit” is modified to read “Grant”.
   (c) The term “Credit Account” is modified to read “Grant Account”.
   (d) The term “Development Credit Agreement” is modified to read “Development Grant Agreement”.

3. Section 1.01 is modified to read as follows:

   “Section 1.01. Application of General Conditions

   These General Conditions set forth the terms and conditions generally applicable to the Development Grant Agreement to the extent and subject to any modifications set forth in such agreement.”

4. Paragraph 3 of Section 2.01 is modified to read as follows:

   “3. “Recipient” means the party to the Development Grant Agreement to which the Grant is made.”

5. Article III is modified as follows:

   (a) The heading of Article III is modified to read “Grant Account: Partial Payment”, and the heading of Section 3.04 is modified to read “Partial Payment”.
(b) The words “The principal of, and service charges on, the Credit” in Section 3.05 are modified to read “All amounts required to be paid under the Development Grant Agreement”.

6. Article IV is modified as follows:

(a) Section 4.02(a) is modified to read as follows:

“Section 4.02. Currencies in which Payments are to be Made

(a) The Recipient shall pay all amounts required to be paid by it under the Development Grant Agreement in the currency specified in such agreement or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.”

(b) Wherever used in Section 4.02(c) and (e) of the General Conditions, the words “principal and service charges” are modified to read “amounts”.

Section 4.03 is modified to read as follows:

“Section 4.03. Amount of the Grant

The amount of the Grant withdrawn from time to time shall be the equivalent in terms of SDR (determined as of the date or respective dates of withdrawal from the Grant Account) of the value of the currency or currencies so withdrawn.”

(d) Section 4.06(b) is modified to read as follows:

“(b) All amounts which the Recipient shall be required to pay under the Development Grant Agreement shall be paid without restrictions of any kind imposed by, or in the territory of, the Recipient.”

7. Section 5.08 of the General Conditions is amended to read as follows:

“Section 5.08. Treatment of Taxes

Except as otherwise provided in the Development Grant Agreement, the proceeds of the Grant may be withdrawn to pay for taxes levied by, or in the territory of, the Recipient on the goods or services to be financed under the
Grant, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Association’s policy of requiring economy and efficiency in the use of the proceeds of its credits and grants. To that end, if the Association shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Grant is excessive or otherwise unreasonable, the Association may, by notice to the Recipient, adjust the percentage for withdrawal set forth or referred to in respect of such item in the Development Grant Agreement as required to be consistent with such policy of the Association.”

8. Article VI is modified as follows:

(a) The word “credit” in paragraphs (a)(ii) and (c)(i) of Section 6.02 is replaced with the words “credit, grant or financing”.

(b) Section 6.03 (c) is modified by replacing the words “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

9. Section 8.01(a) is modified to read as follows:

“(a) All amounts which the Recipient shall be required to pay under the Development Grant Agreement shall be paid without deduction for, and free from, any taxes levied by, or in the territory of, the Recipient.”

10. Section 12.05 and its heading are modified to read as follows:

“Section 12.05. Termination of Development Grant Agreement.

The obligations of the Recipient under the Development Grant Agreement shall terminate on the date 20 years after the date of the Development Grant Agreement.”
SCHEDULE 6

Performance Indicators

1. By the end of the Project, the percentage of children below 5 years of age with fever who is treated with an effective antimalarial within 24 hours from onset of symptoms will have increased to at least 50%.

2. By the end of the Project, the percentage of children under 5-year old and of pregnant women who has slept under an ITN in the night preceding the survey will have increased to at least 50%.

3. By the end of the Project, the percentage of pregnant women who has received two or more doses of IPTP will have increased to at least 50%.

4. By the Mid-Term Review, the percentage of households with at least one ITN/LLIN will have increased by at least twenty percentage points.

5. By the Mid-Term Review, the national M&E framework will have been developed, approved and installed and be fully functional.

6. By the Mid-Term Review, the percentage of health workers trained to use integrated ANC guidelines and ACT will have increased to at least 50% in the Public Sector and to at least 25% in the private sector.
SCHEDULE 7

Special Account

1. For the purposes of this Schedule:

   (a) the term “eligible Categories means Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

   (b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

   (c) The term “Authorized Allocation” means an amount equivalent to FCFA 1.3 billion to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Annex, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount of FCFA 700 million until the aggregate amount of withdrawals from the Grant Account allocated to Categories 1, 2, 3 and 4 plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions of the Project shall be equal to or exceed the equivalent of SDR 5 million.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

   (a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

   (b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.
(ii) Prior to or at the time of each such request, the Recipient 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 Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Grant 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 Recipient out of the Special Account, the Recipient shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

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

   (a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Recipient directly from the Grant 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 Recipient shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

   (c) if, at any time, the Association shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

   (d) once the total unwithdrawn amount of the Grant allocated to the eligible Categories, 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 Authorized Allocation.
Thereafter, withdrawal from the Grant Account of the remaining unwithdrawn amount of the Grant allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Recipient shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

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