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MEMORANDUM AND RECOMMENDATION
OF THE
PRESIDENT OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
TO THE
EXECUTIVE DIRECTORS
ON A PROPOSED CREDIT OF SDR 6.2 MILLION
TO THE
REPUBLIC OF ZAIRE
FOR A NATIONAL AIDS CONTROL PROGRAM ASSISTANCE PROJECT

August 23, 1988

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ZAIRE: NATIONAL AIDS CONTROL PROGRAM ASSISTANCE PROJECT

CURRENCY EQUIVALENTS

Currency unit	=	Zaire (Z.)
US\$1.00	=	Z. 138 (February 1988)
Z. 1.00	=	US\$0.007 (February 1988)
Z. 1,000	=	US\$7.25

MEASUREMENTS EQUIVALENTS

Metric System

GLOSSARY OF ABBREVIATIONS

AIDS	=	Acquired Immunodeficiency Syndrome
HIV	=	Human Immunodeficiency Virus
IEC	=	Information, Education and Communication
IMR	=	Infant Mortality Rate
NACP	=	National AIDS Control Program
NGO	=	Non-Governmental Organization
STD	=	Sexually Transmitted Disease
WHO	=	World Health Organization
WHO/GPA	=	WHO/Global Program on AIDS

GOVERNMENT OF ZAIRE - FISCAL YEAR

January 1st - December 31st

MEMORANDUM OF THE PRESIDENTZAIRE NATIONAL AIDS CONTROL PROGRAM ASSISTANCE PROJECTCREDIT AND PROJECT SUMMARY

<u>BORROWER</u>	Government of Zaire
<u>BENEFICIARY</u>	Department of Health
<u>CREDIT AMOUNT</u>	SDR 6.2 million (US\$8.1 million equivalent)
<u>TERMS</u>	Standard IDA, with 40 years maturity
<u>FINANCIAL PLAN</u>	Government US\$1.7 million IDA US\$8.1 million Other donors ¹ US\$10.5 million
	Beneficiaries US\$1.6 million
	TOTAL US\$21.9 million
<u>RATE OF RETURN</u>	Not applicable
<u>STAFF APPRAISAL REPORT</u>	No. 7260-ZR
<u>MAP</u>	IBRD 20674

1/ Other donors include: Belgium (US\$1.5 million), Italy (US\$1.2 million), Federal Republic of Germany (US\$0.6 million), USAID (US\$1.7 million), EEC (US\$2.0 million), UNDP (US\$1.0 million), UNICEF (US\$1.5 million), and WHO (US\$1.0 million). WHO and UNDP are responsible for assisting the Government in coordinating donor support, including IDA's contribution.

**MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT
OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION TO
THE EXECUTIVE DIRECTORS ON A PROPOSED CREDIT TO
THE REPUBLIC OF ZAIRE FOR
A NATIONAL AIDS CONTROL PROGRAM ASSISTANCE PROJECT**

1. The following report on a proposed development credit to Zaire for SDR 6.2 million (US\$8.1 million equivalent) is submitted for approval. The proposed credit would be on standard IDA terms with a maturity of 40 years to help finance an AIDS Control Project. The project would be cofinanced by several donors, including Belgium (US\$1.5 million), Italy (US\$1.2 million), Federal Republic of Germany (US\$0.6 million), USAID (US\$1.7 million), EEC (US\$2.0 million), UNDP (US\$1.0 million), UNICEF (US\$1.5 million), and WHO (US\$1.0 million); for a total of US\$10.5 million.

2. Background. The acquired immunodeficiency syndrome (AIDS) pandemic affects millions of people in more than 130 countries worldwide. AIDS is a lethal disease caused by the Human Immunodeficiency Virus (HIV) which depresses the immune system and causes the infected person to become vulnerable to opportunistic infections. In Zaire, AIDS is mainly a Sexually Transmitted Disease (STD) among individuals with multiple sexual partners. Other STDs (through ulcers which facilitate the viral penetration) increase the risk of transmission. Other routes of transmission include transfusion of infected blood, contaminated skin-piercing instruments and mother-to-child infection. Neither a cure nor a vaccine is likely to be developed in the near future given the genetic complexity of the virus. Measures aimed at preventing the spread of the disease include the adoption of lower-risk sexual practices (limiting number of partners, use of condoms) and enhanced hygiene in health system (screening of all donated blood, sterilization of skin-piercing instruments). In Kinshasa, seropositivity¹ rates are alarming. In 1987, 4% to 8% of the general population, 10% of females aged 15-29, and 30% of all prostitutes were infected. The disease is spreading in most urban areas of Zaire and also to communities located near main routes. At Mama-Yemo Hospital (the largest hospital in Zaire, with 2,000 beds), 25% of the medical/surgical patients test positive and 30% of the deaths are AIDS-related. Those most afflicted with the disease (20-40 year olds) are at the most productive age. Infants die also from AIDS. World Bank projections indicate that if the transmission rate continues, the Infant Mortality Rate (IMR) would increase from 120/1,000 to 140/1,000 by the year 2005, instead of being reduced to 70/1,000. The financial consequences, in terms of direct costs (the cost of treating opportunistic infections) and indirect costs (productivity losses), will also be large. Zaire is facing a very grave public health problem with severe human, social and financial implications at a time when the country is already suffering from severe economic difficulties. The Government has shown its commitment to

1/ Seropositivity: a positive blood test showing antibodies to HIV.

addressing this public health crisis by supporting the development of an AIDS research project (Projet SIDA) in 1984, establishing a National AIDS committee in 1985, and producing with WHO² support, a National AIDS Control Program (NACP) in 1987. In February 1988, the Government and WHO/GPA organized a donors meeting that reviewed the NACP and helped prepare a preliminary financing strategy based on donors' pledges.

3. Project Objectives. The overall objectives of the NACP (which the project would support) are to: (a) prevent HIV transmission through: (i) sexual behavior changes; (ii) wide availability and use of condoms; (iii) adequate treatment of other STDs; (iv) donated blood screening; (v) sterilization of skin-piercing instruments; and (vi) control of perinatal HIV transmission; (b) reduce the impact of AIDS on individuals, families and communities, through: (i) special assistance to AIDS cases and seropositive patients; and (ii) information to and education of people in contact with infected persons; and (c) improve the database on AIDS in Zaire, through: (i) strengthening and developing the laboratory infrastructure; (ii) developing the AIDS surveillance system; (iii) improving the knowledge of AIDS-related behavior in the general population; (iv) developing socio-economic surveys of AIDS impact; and (v) developing operational research.

4. Project Description. The proposed project has four components: 'a) Information, Education and Communication (IEC) Program Development and Condom Distribution through: (i) the development of IEC materials for the media, schools, social sector personnel and other relevant target groups; (ii) the training of health staff, social workers and teachers; (iii) the strengthening of the IEC structure with additional staff, technical assistance, equipment and vehicles; and (iv) the establishment of condom distribution networks and condom promotion programs; (b) Integration of AIDS Control Activities in Health and Social Programs through: (i) the establishment of large scale blood screening facilities and strategies; (ii) sterilization of skin-piercing instruments; (iii) in-service training, operational support and supervision for case management, STD detection and treatment and IEC activities; and (iv) social programs at the community level through both public sector programs and NGOs; (c) Operational Research and Studies, dealing with: (i) contributing factors to HIV transmission; (ii) sociocultural dimensions of AIDS; (iii) cost-effectiveness of control measures; (iv) constraints on condom use; (v) case management strategies; (vi) development of diagnosis tools; (vii) economic impact of the disease; and (viii) the development of a national surveillance system; and (d) Institutional Strengthening of the NACP through: (i) support to the central coordination office by providing additional staff, technical assistance, equipment and vehicles; (ii) operational support to increase managerial capabilities at Regional, Sub-Regional and Health Zone levels, with specific training/supervision, equipment and additional operating funds; and (iii) establishment of coordination mechanisms for AIDS control activities carried out by the

2/ WHO, through its Global Program on AIDS (GPA), is the leading agency in developing global control strategies and providing technical assistance and short term financial support to national AIDS control programs.

governmental and non-governmental sectors. Project activities would be carried out by several agencies both public and non-governmental agencies, which are active in the social sectors. The National AIDS Committee, assisted by its Central Coordinating Office would provide overall guidance and ensure coordination of all activities with the support of WHO/GPA and UNDP. The project, to be carried out over three and one-half years, would provide funds for equipment, furniture, materials, vehicles, training, technical assistance, studies, research, evaluation and incremental recurrent costs. The total cost of the project is estimated at US\$21.9 million, with a foreign exchange component of US\$17.8 million (81%). A breakdown of costs and the financing plan are shown in Schedule A. Amount and methods of procurement and the disbursement schedule are shown in Schedule B. Bank Group operations in Zaire are given in Schedules C and D, respectively. A map is attached. The Staff Appraisal Report, No. 7260-ZR, dated August 11, 1988, is also attached.

5. Rationale for IDA involvement. Large-scale emergency efforts are required to: (a) make the NACP fully operational; (b) assist the Government in reallocating resources between ongoing health activities and AIDS control activities; and (c) coordinate donor support both financially and technically. In all these areas the World Bank could play an important role, given: (a) its expertise in large national programs, financial management, and broad-based economic analysis; and (b) its leading role in aid coordination as chairman of the Consultative Group. In addition, IDA's involvement would: (a) help ensure, through our continuing dialogue about the health sector, that AIDS control activities are fully integrated into the national health programs, and (b) make it easier for Zaire and WHO/GPA to mobilize and to organize the necessary cofinancing.

6. Agreed Actions. The following actions to be taken by the Government would be conditions of project effectiveness: (a) establishment of the Special Accounts (IDA revolving funds and project advance account); (b) appointment, as the central coordinating office's deputy director, of a specialist in health program management with qualifications and experience satisfactory to IDA; and (c) appointment, as the Central Coordinating Office's chief accountant, of an accountant with qualifications and experience satisfactory to IDA. Other agreements would include: (a) annual submission to IDA of project operation plans; and (b) annual project performance review, including project management, to be submitted to IDA.

7. Justification. The proposed project would respond to a public health crisis which has already a negative impact on health status, health systems, health financing and the work force and has the potential for causing severe human and economic losses in an already poverty-stricken country. The project would contribute to: (a) establishing key preventive measures aiming at protecting the most vulnerable segments of the population (10-14 year olds and women in reproductive age); (b) rationalizing the packaging of AIDS control measures; (c) making the NACP fully operational and institutionally sound; and (d) a better understanding of the AIDS epidemic, and ways to control it. The project would represent the first phase of a long-term effort aimed at protecting the majority of

the population from HIV infection. Benefits would include: (a) health benefits by (i) reducing the impact of AIDS on morbidity and mortality in both adults and children; (ii) contributing to the control of STDs; (iii) assisting the health systems in coping with AIDS patients; and (iv) avoiding a major imbalance in resource allocation between priority public health programs; (b) social benefits by providing a safety net for the poorest families which otherwise would not have the means to take care of AIDS patients and lose family income earners; and (c) economic benefits by diminishing, through the reduction of HIV transmission, the direct (treatment) and indirect (loss of productivity) costs of AIDS.

8. Risks. The project's main risk concerns the weak managerial capability of DOH, particularly with regard to the complexity of the control program. The project is designed to address this risk by distributing managerial responsibilities among various implementing entities and several coordinating/monitoring committees. In addition, the project's institutional strengthening component would provide training, technical assistance and operational support aimed at developing planning and managerial capabilities at both the central and peripheral levels. Finally WHO and UNDP will play a key role in monitoring project implementation. The second risk is related to the experimental nature of the control measures. Some control activities may not have the expected impact on HIV transmission. The various project-supported operational research programs are designed to respond to this uncertainty and to help adjust the NACP as necessary. The third risk concerns the potential for financing shortfalls in the long term. It is likely that the AIDS epidemic will be a long-term problem in Zaire and there is a risk of donor fatigue in financing the NACP. A joint coordinating and monitoring committee (Government, WHO, UNDP, and other major donors) has been created to address this risk.

9. Recommendations. I am satisfied that the proposed credit would comply with the Articles of Agreement of the Association and recommend that the Executive Directors approve the proposed credit.

Barber B. Conable
President

Attachments

Washington D.C.
August 23, 1988

SCHEDULE A

ZAIRE

NATIONAL AIDS CONTROL PROGRAM ASSISTANCE PROJECT

ESTIMATED COSTS AND FINANCING PLAN

	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
	-----US\$ million-----		
<u>ESTIMATED COSTS</u>			
IED/Condom Distribution	1.10	4.70	5.80
Integrating AIDS Control	0.62	8.08	8.70
Research and Studies	0.60	0.40	1.00
Institutional Strengthening	1.42	1.78	3.20
Project Preparation Facility	0.06	0.24	0.30
Total Baseline Costs	<u>3.80</u>	<u>15.20</u>	<u>19.00</u>
Physical Contingencies	0.03	1.27	1.30
Price Contingencies	0.30	1.30	1.60
<u>TOTAL PROJECT COSTS 1/</u>	<u>4.13</u>	<u>17.77</u>	<u>21.90</u>
<u>FINANCING PLAN</u>			
Government of Zaire	1.67	-	1.67
IDA	0.50	7.60	8.10
Other donors 2/	0.30	10.17	10.47
Beneficiaries	1.66	-	1.66
<u>TOTAL</u>	<u>4.13</u>	<u>17.77</u>	<u>21.90</u>

1/ Inclusive of taxes and duties which are negligible.

2/ Other donors include: Belgium (US\$1.5 million); Italy (US\$1.2 million); Federal Republic of Germany (US\$0.6 million); USAID (US\$1.7 million); EEC (US\$2.0 million); UNDP (US\$1.0 million); UNICEF (US\$1.5 million); and WHO (US\$1.0 million). WHO and UNDP are responsible for coordinating donor support, including IDA's contribution.

ZAIRE

NATIONAL AIDS CONTROL PROGRAM ASSISTANCE PROJECT

PROCUREMENT METHOD AND DISBURSEMENT

(US\$ million)

<u>Project Element</u>	<u>ICB</u>	<u>LCB</u>	<u>Other</u>	<u>NA</u>	<u>Total Cost</u>
- Equipment	0.94 (.27)				0.94 (.27)
- Furniture		0.14 (.06)			0.14 (.06)
- Vehicles	0.51 (.32)				0.51 (.32)
- Material Dvpt.			0.59 (.22)		0.59 (.22)
- Training/TA			2.98 (1.49)		2.98 (1.49)
- Research			1.11 (0.55)		1.11 (.55)
- PPF				0.5 (0.5)	0.5 (0.5)
- Condoms	4.34 (1.44)				4.34 (1.44)
- Med. Supplies	8.07 (2.70)				8.07 (2.70)
- Other Op. Costs				2.72 (.52)	2.72 (.52)
	18.88 (4.73)	0.14 (.06)	4.68 (2.26)	3.22 (1.02)	21.9 (8.07)

1/ Amounts in parentheses represent IDA financing.

2/ Consultants will be selected in accordance with Bank guidelines.

DISBURSEMENTS

<u>CATEGORY</u>	<u>CREDIT AMOUNT</u> (US\$ million)	<u>% OF EXPENDITURES</u>
Equipment, Furniture, Vehicles, Materials, Med. supplies & Condoms	5.0	100 % of foreign expenditures and 90% of local expenditure
Training, Technical Assistance	1.5	100%
Operational Research & Studies	0.3	100%
Operating Costs	0.5	50%
Refunding PPF	0.5	
Unallocated	0.3	
TOTAL	8.10	

Estimated IP^A Disbursements
(US\$ million)

	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>
Annual	1.0	2.5	3.0	1.6
Cumulative	1.0	3.5	6.5	8.1

SCHEDULE C

ZAIRE

NATIONAL AIDS CONTROL PROGRAM ASSISTANCE PROJECT

TIMETABLE OF KEY PROCESSING EVENTS

Time taken to prepare:	9 months
Prepared by:	Department of Health, WHO/GPA
First IDA mission:	December 1987
Appraisal mission:	February 1988
Negotiations:	July 1988
Board Presentation:	September 1988
Planned Date of Effectiveness:	January 1989

NATIONAL AIDS CONTROL PROJECT
STATUS OF BANK GROUP OPERATIONS IN ZAIRE

A. STATEMENT OF BANK LOANS AND IDA CREDITS

(June 30, 1988)

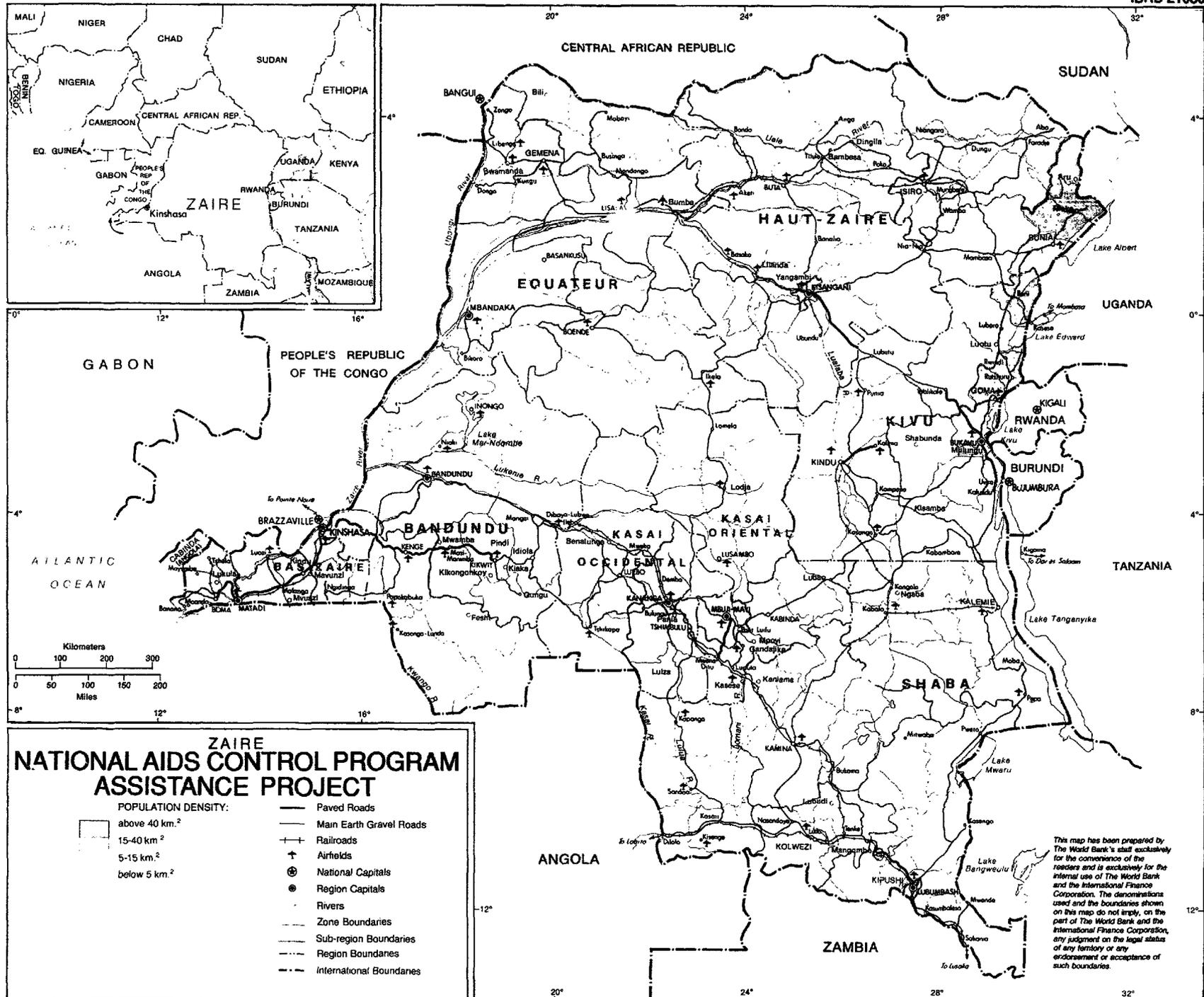
Loan or Credit number	Year Signed	Borrower	Amount in US\$ Million		
			Bank	IDA (1)	Undisbursed
	Prior to June 1980	Congo & Otraco	Transport & Infrastructure	91.58	(2)
One Loan Fully Disbursed			100.00		
Twenty six Credits (including one SFA) Fully Disbursed				410.82	
798	1978	REPUBLIC OF ZAIRE	Oil Palm	7.31	1.19
1040	1980	DEPT OF AGR	Small Holder Maize	11.00	1.17
1089	1981	REPUBLIC OF ZAIRE	Kwilu Ngongo Sugar	26.40	0.05
1180	1982	ONATRA	ONATRA Modernization	26.00	10.02
1273	1982	SOFIDE	Sixth DFC	21.50	3.00
1225	1983	REPUBLIC OF ZAIRE	North East Rural Dev.	13.00	6.36
1335	1983	ONATRA	Porte Rehabilitation	25.00	9.80
1336	1983	GECAMINES	Gecamines T.A.	7.00	0.15
1409	1983	MIN MINES AND ENERGY	Petroleum Sector T.A.	4.50	1.08
1421	1984	MIN MINES AND ENERGY	Ruzizi II Hydroelectric	15.00	1.55
1475	1984	SNCZ	Railways II	26.00	17.87
1492	1984	SOFIDE	Seventh DFC	36.00	3.73
1519	1984	REPUBLIC OF ZAIRE	Education T.A.	9.00	4.13
1540	1985	REPUBLIC OF ZAIRE	Lulua Agricultural Dev.	12.50	14.66
A 006	1986	REPUBLIC OF ZAIRE	Sixth Highway	30.00	16.95
1608	1986	REPUBLIC OF ZAIRE	Sixth Highway	55.00	63.67
1609	1986	REPUBLIC OF ZAIRE	Seeds	14.90	13.50
1685	1986	SOFIDE	Eighth DFC	50.00	47.7
1712	1986	SNEL	Second Power	37.00	32.79
L2682	1986	GECAMINES	Gecamines Rehabilitat.	110.00	100.36
1761	1987	GVT/RVM AND RVF	Navigation Improvement	27.00	28.42
1790	1987	REPUBLIC OF ZAIRE	South Shaba Agric Dev.	4.40	4.44
1791	1987	GVT ZAIRE/SSES	Small Enterprise Dev.	25.00	24.62
A 030	1988	REPUBLIC OF ZAIRE	Structural Adjustment Cr.	94.30	47.31
1831	1988	REPUBLIC OF ZAIRE	Structural Adjustment Cr.	55.00	28.23
1832	1988	REPUBLIC OF ZAIRE	Econ & Fin Mgt Institutions	12.00	9.97
1839	1988	REPUBLIC OF ZAIRE	Higher Education Rational.	11.00	10.96
**1939	1988	REPUBLIC OF ZAIRE	Third Water supply	45.00	42.73
Subtotal active projects:			110.00	701.41	546.41
Total less cancellation:			301.58	1112.23	
of which has been repaid			117.90	7.51	
Total outstanding incl. undisbursed:			183.68	1104.72	(3)
Amount sold:			54.47		
of which has been repaid			54.47		
Total now held by Bank and IDA (1):			28.85	780.78	(3)
Total undisbursed:			100.36	446.05	(3)

* Not yet signed.
** Not yet effective.

- (1) US\$ amounts for credits 1089-ZR and onwards are computed at rate of negotiations dates.
(2) Guaranteed by the Kingdom of Belgium.
(3) Sum of Total now held by IDA and Total Undisbursed is higher than Total Outstanding because of depreciation of the US\$.

ZAIRE
NATIONAL AIDS CONTROL PROJECT
STATEMENT OF IFC INVESTMENTS
(As of February 29, 1988)

<u>Fiscal Year</u>	<u>Obligor</u>	<u>Type of Business</u>	-----US\$ Million-----		<u>Amount Total</u>
			<u>Loan</u>	<u>Equity</u>	
1978	SOFIDE	Development Bank	-	0.8	0.8
1979	Zaire Gulf Oil Co.	Oil	2.5	-	2.5
1979	Zaire Petroleum Co.	Oil	1.0	-	1.0
1982	Aluzaire Consortium	Aluminium (Promotional)	0.3	-	0.3
1984	Sofide	Development Bank	-	0.5	0.5
1985	Grande Hotels du Zaire	Hotel	15.0	-	15.0
1985	SOTEXKI	Textiles	11.8	0.4	12.2
1985	SOTEXAZ	Cotton Farm (Promotional)	-	0.1	0.1
1987	UTEXAFRICA	Textiles	<u>14.2</u>	<u>-</u>	<u>14.2</u>
	Total Gross Commitments		45.4	1.8	47.2
	Total undisbursed		14.2	0.1	14.3



**ZAIRE
NATIONAL AIDS CONTROL PROGRAM
ASSISTANCE PROJECT**

- POPULATION DENSITY:**
- ▬ above 40 km.²
 - ▬ 15-40 km.²
 - ▬ 5-15 km.²
 - ▬ below 5 km.²
- Paved Roads
 - Main Earth Gravel Roads
 - +— Railroads
 - ↑ Airfields
 - ⊙ National Capitals
 - Region Capitals
 - Rivers
 - - - Zone Boundaries
 - - - Sub-region Boundaries
 - - - Region Boundaries
 - - - International Boundaries

This map has been prepared by The World Bank's staff exclusively for the convenience of the readers and is exclusively for the internal use of The World Bank and the International Finance Corporation. The denominations used and the boundaries shown on this map do not imply, on the part of The World Bank and the International Finance Corporation, any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries.