Agreement Providing for the Amendment and Restatement of the Development Credit Agreement

(Health Sector Support Project)

between

REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 20, 2012
AGREEMENT PROVIDING FOR
THE AMENDMENT AND RESTATEMENT OF
THE DEVELOPMENT CREDIT AGREEMENT

AGREEMENT (this "Agreement"), dated March 20, 2012
between REPUBLIC OF GUINEA (the "Borrower") and INTERNATIONAL
DEVELOPMENT ASSOCIATION (the "Association").

WHEREAS the Borrower and the Association have agreed to amend the
Development Credit Agreement between the Borrower and the Association dated
September 29, 2005, as amended prior to the date hereof (the "Original Development
Credit Agreement") in the manner hereinafter set forth.

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I – AMENDMENT AND RESTATEMENT

Section 1.01. As of, and with effect from, the date hereof the Original
Development Credit Agreement shall be (and it is hereby) amended and restated in the
form set out in the Annex hereto (the "Amended and Restated DCA").

ARTICLE II – DATED COVENANTS

Section 2.01. The Borrower shall, no later than three (3) months after the date of
this Agreement:

(a) adopt a revised PIM (as defined in Amended and Restated DCA) and
Project Administrative, Financial and Accounting Manual (as defined in Amended and
Restated DCA), both in form and substance satisfactory to the Association reflecting the
revised implementation arrangements under the Amended and Restated DCA; and

(b) recruit for the Project Management Unit (as defined in Amended and
Restated DCA) (i) a Project coordinator, (ii) two (2) specialists for health care services
strengthening, and (iii) one specialist for monitoring and evaluation, each in accordance
with Schedule 3 to the Amended and Restated DCA.
ARTICLE III – MISCELLANEOUS

Section 3.01. With effect from the date hereof, all references to the “Development Credit Agreement” contained in any documents delivered under or pursuant to the Original Development Credit Agreement, to the extent such documents have not been terminated or released on or prior to the date hereof, shall be construed as references to the Amended and Restated DCA as it may be further amended from time to time.

Section 3.02. Save as amended pursuant to this Agreement, all other terms and conditions of the Amended and Restated DCA shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Conakry, Guinea, as of the day and year first above written.

REPUBLIC OF GUINEA

By

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative
ANNEX

To Agreement providing for Amendment and Restatement of the
Development Credit Agreement

CREDIT NUMBER 4072 GUI

Development Credit Agreement

(Health Sector Support Project)

between

REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 29, 2005
CREDIT NUMBER 4072 GUI
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 29, 2005, between REPUBLIC OF GUINEA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS:

(A) the Association has received a letter from the Borrower, dated April 22, 2005, describing a program designed to contribute to the socio-economic development of the Borrower through improvement of the health of its population (the Program) and declaring the Borrower's commitment to the execution of such program; and

(B) 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; and

(C) 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 May 1, 2004), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

(a) Section 6.03 (c) of the General Conditions is amended by replacing the words “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

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) “Annual Work Plan” means the plan referred to Section D.1 of Schedule 4 to this Agreement;
(b) "Beneficiary" means a Community group, civil society organization, or private sector entity to which or for whose benefit a Subproject Grant is made or proposed to be made;

(c) "Rural Development Community", "Communauté Rurale de Développement", or "CRD" means an administrative area of the Borrower, established pursuant to the Borrower's Law No. 092/PRG/SGG/90 of October 22, 1990, representing a designated area and population within the territory of the Borrower;

(d) "Commune" means an administrative area of the Borrower, established pursuant to the Borrower's Law No. 91/034/PRG/SGG of August 3, 1991, representing a designated area and population within the territory of the Borrower;

(e) "Community" means a socially cohesive local population in an area of the Borrower;

(f) "Directorate of Administrative and Financial Affairs" or "Direction des Affaires Administratives et Financières" or "DAAF" means the unit within the Borrower's Ministry of Public Health responsible for administrative and financial management of said Ministry;

(g) "Dispensary" or "Poste de santé" means a Health Structure responsible for the provision of health services in the first instance and which is run by one (1) nurse;

(h) "Eligible Categories" means Categories 1-7 set forth in the table in Part A.1 of Schedule 1 to this Agreement;

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

(j) "Extended Program of Immunization" means the Borrower's program designed to vaccinate fully 90% of children under one (1) year of age against tetanus, measles, tuberculosis, polio, diphtheria, whooping-cough, hepatitis B, and yellow fever;

(k) "Financial Management Agency" or "FMA" means the agency to be contracted by the Borrower represented by its Ministry of Public Health pursuant to Section 6.01 (c) of this Agreement and whose responsibilities are set out in said Section;

(l) "Financial Management Services Agreement" means the agreement concluded between the Borrower represented by its Ministry of Public Health and an FMA pursuant to Section 6.01 (c) of this Agreement;

(m) "Financial Monitoring Report" or "FMR" means each report prepared in accordance with Section 4.02 of this Agreement;
(n) "Fiscal Year" means the Borrower's fiscal year, which runs from January 1 through December 31 of the same year;

(o) "Five-Year Plan" means the Borrower's plan, adopted on June 1, 2001 and covering the period from 2005 to 2009, for management and development of its health sector, including coordination of donor efforts in the sector;

(p) "Guinean Francs" or "GNF" means the currency of the Recipient;

(q) "Health Center" or "Centre de santé" means a Health Structure responsible for the provision of health services to the population of large villages and which employs at least two (2) health workers;

(r) "Health Mutuals", means the community-based mutual health insurance cooperations of the Borrower offering broader health coverage;

(s) "Health Structure" or "Structure de santé" means an entity of the Borrower responsible for the provision of health services or a unit of the Borrower's Ministry of Public Health responsible for the provision of administrative services;

(t) "Health Structure Management Committee" or "Comité de gestion des structures de santé" means the committee responsible for the administrative, financial, and technical management of a Health Structure and which includes representatives of the local population and of health workers;

(u) "Health Team" means the Borrower's health team established pursuant to Part A.3 of Schedule 4 to this Agreement and whose responsibilities are set out in said Part of said Schedule

(v) "IAPSO" means the Inter-Agency Procurement Services Office of the United Nations;

(w) "Implementation Completion Report" means the report prepared jointly by a borrower and the Association and which assesses the degree to which a project achieved its development objective and outputs as set out in the project documents; other significant outcomes and impacts; prospects for the project's sustainability; and Association and borrower performance, including compliance with relevant Association safeguard and business policies, also providing the data and analysis to substantiate these assessments and identifying the lessons learned from implementation;

(x) "Improved Health Center" means a Health Structure responsible for the provision of health services in certain large rural communities and which is run by physicians;
(y) "Initial Deposit" means the initial amount referred to in Section 3.03(b)(i) of this Agreement and to be deposited in the Project Account pursuant to Section 6.01(a)(ii) of this Agreement;

(z) "Intermittent Treatment Prevention Program" means the Borrower's malaria prevention program in respect of pregnant women;

(aa) "Financial, Accounting, and Administrative Procedures Manual", "Manuel de Procédures de Gestion Administrative, Financière, et Comptable", or "FAAPM" means the manual adopted by the Borrower pursuant to Section 6.01(b) of this Agreement containing details of the financial, accounting, and administrative procedures, as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time to time with the concurrence of the Association, and such term includes any annexes thereto;

(bb) "Millennium Development Goals" means the development goals adopted by members of the United Nations on September 8, 2000;

(cc) "Ministry of Public Health" or "MOPH" means the Borrower’s ministry responsible for public health;

(dd) "Multi-Sectoral HIV / AIDS Project" means the Borrower’s project designed to limit and control the spread of the HIV / AIDS epidemic;

(ee) "National Medical Waste Management Plan" or "NMWMP" means the plan, adopted by the Borrower on December 23, 2002 under its Multi-Sectoral HIV / AIDS Project, setting out the institutional arrangements and measures necessary to ensure proper management of medical waste in its territory;

(ff) "National Quality Council" means the Borrower’s institution responsible for quality control of service delivery, including in the health sector, in the territory of the Borrower;

(gg) "Non-Governmental Organization" means an organization established and operating as such under the laws of the Borrower;

(hh) "Operational Action Plan" or "OAP" means the plan prepared by Health Structures at the village, Prefectoral, Regional, or central level of the Borrower’s administration and setting out the activities to be carried out by the Health Structures at the village, Prefectoral, Regional, or central level of the Borrower;

(ii) "Project Coordination Unit" or "PCU" has the meaning given to such term in Part A.2(b) of Schedule 4 to this Agreement;

(jj) "Poverty Reduction Strategy Paper" means the Borrower’s strategy, adopted on July 25, 2002 and prepared through a participatory process involving civil society and development partners, including the World Bank and International Monetary
Fund, describing the Borrower’s macroeconomic, structural, and social policies and programs to promote growth and reduce poverty as well as associated external financing needs;

(kk) “Prefecture” means an administrative area of the Borrower, established pursuant to the Borrower’s Law No. 079/PRG/SGG/86 of March 25, 1986, representing a designated area and population within the territory of the Borrower;

(ll) “Procurement Plan” means the Borrower’s procurement plan, dated April 28, 2005, covering the initial 18 month period (or longer) 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 periods (or longer) of Project implementation;

(mm) “Project Account” means the account established pursuant to Section 6.01(a)(i) of this Agreement;

(nn) “Project Implementation Manual” or “PIM” means the manual adopted by the Borrower pursuant to Section 6.01(b) of this Agreement containing details of the procurement arrangements, environmental monitoring and mitigation, including medical waste management, arrangements, and other organizational and administrative arrangements, as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time to time with the concurrence of the Association, and such term includes any annexes thereto;

(oo) “Project Preparation Advance” means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on January 1, 2004 and on behalf of the Borrower on January 21, 2004;

(pp) “Region” means an administrative area of the Borrower, established pursuant to the Borrower’s Law No. 079/PRG/SGG/86 of March 25, 1986, representing a designated area and population within the territory of the Borrower and comprising a group of prefectures;

(qq) “Report-based Disbursements” means the Borrower’s option for withdrawal of funds from the Credit Account referred to in Part A.5 of Schedule 1 to this Agreement;

(rr) “Reproductive Health Training and Research Center” means the Borrower’s institution to be established in Conakry under external donor financing for purposes of training and research in the health sector;

(ss) “Roll Back Malaria Program” means the Borrower’s program to fight against malaria to reduce the mortality and morbidity burden linked to malaria;
“Special Accounts” means the accounts referred to in Part B of Schedule 1 to this Agreement;

“Steering Committee” has the meaning given to such term in Part A.2(a) of Schedule 4 to this Agreement;

“Subproject” means a development activity proposed by a Beneficiary under Part A.2 (d) of the Project and financed or to be financed through a Subproject Grant made out of the proceeds of the Development Credit;

“Subproject Grant” means a grant made or proposed to be made by the Borrower to a Beneficiary for the purpose of financing Subprojects;

“Subproject Grant Agreement” means an agreement between the Borrower represented by its MOPH and a Beneficiary, setting forth the terms and conditions under which proceeds of the Development Credit shall be made available to the Beneficiary for the purpose of financing Subprojects;

“UNFPA” means the United Nations Population Fund;

“UNICEF” means the United Nations Children’s Fund;

“WHO” means the World Health Organization;

“Work Program” means a set of development activities under a Health Structure’s OAP, proposed by the Health Structure under Part A.1 (a)-(d) of the Project and financed or to be financed through a Work Program Grant made out of the proceeds of the Development Credit;

“Work Program Grant” means a grant made or proposed to be made to a Health Structure by the Borrower represented by its MOPH for the purpose of financing a Work Program; and

“Work Program Grant Agreement” means an agreement between the Borrower represented by its MOPH and a Health Structure represented by its Health Structure Management Committee, setting forth the terms and conditions under which proceeds of the Development Credit shall be made available to the Health Structure for the purpose of financing a Work Program.
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 sixteen million six hundred thousand Special Drawing Rights (SDR 16,600,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for 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 the Project and to be financed out of the proceeds of the Credit.

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

Section 2.03. The Closing Date shall be December 31, 2013 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 May 15 and November 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 May 15 and November 15 commencing November 15, 2015 and ending May 15, 2045. Each installment to and including the installment payable on May 15, 2025 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 (3) 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 (5) 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, through its MOPH, with due diligence and efficiency and in conformity with appropriate medical, public health, environmental, including medical waste management, financial, and administrative 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.

(c) For purposes of Part A.1 (a)-(d) of the Project, the Borrower shall, through the MOPH, allocate proceeds of the Credit not exceeding those allocated to Category (5) of the table in Part A.1 of Schedule 1 to this Agreement to be used to finance WPA Grants under terms and conditions which shall have been approved by the Association, and which shall include the terms and conditions set forth in Part B.2 of Schedule 4 to this Agreement.

(d) For purposes of Part A.2 (d) of the Project, the Borrower shall, through the MOPH, allocate proceeds of the Credit not exceeding those allocated to Category (6) of the table in Part A.1 of Schedule 1 to this Agreement to be used to finance Subproject Grants under terms and conditions which shall have been approved by the Association, and which shall include the terms and conditions set forth in Part C.2 of 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 Credit 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 Borrower 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. Without limitation upon the provisions of paragraph (a) of Section 3.01 of this Agreement, and except as the Borrower and the Association shall otherwise agree, the Borrower shall, through its MOPH, finance its contribution for expenditures under the Project other than those financed from the proceeds of the Credit:

(a) open a Project Account in accordance with the provisions of Section 6.01 (a) of this Agreement, and thereafter maintain such account throughout Project implementation;

(b) (i) make an Initial Deposit of GNF 350 million into the Project Account in accordance with the provisions of Section 6.01 (a) of this Agreement; and (ii) thereafter, on a quarterly basis, or whenever the account is below GNF 175 million, replenish the Project Account; and

(c) ensure that funds deposited into the Project Account in accordance with the provisions of paragraph (b) of this Section shall be used exclusively to finance expenditures under the Project other than those financed from the proceeds of the Credit.

Section 3.04. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Borrower shall:

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

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

Financial Covenants

Section 4.01. (a) The Borrower shall 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 Borrower 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 (6) 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 Credit Account were made on the basis of reports referred to in Part A.5 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Borrower shall:

(i) retain, until at least one (1) year after the Association has received the audit report for, or covering, 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;
enable the Association's representatives to examine such records; and

ensure that such reports and 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 Borrower's progress reporting obligations set out in Part D of Schedule 4 to this Agreement, the Borrower shall prepare and furnish to the Association an FMR, 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 Credit, 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(1) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.
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, that is, the Borrower has, through its MOPH:

(a) (i) opened in GNF, in a commercial bank acceptable to the Association, a Project Account under terms and conditions acceptable to the Association, including appropriate protection against set-off, seizure, and attachment; and (ii) made an Initial Deposit of GNF 350,000,000 in said account;

(b) adopted the PIM and the MFAAP in form and substance satisfactory to the Association;

(c) concluded a Financial Management Services Agreement with an FMA for purposes of Project financial management under terms and conditions satisfactory to the Association, including: (i) establishment and maintenance of a financial management system in form and substance satisfactory to the Association; (ii) carrying out of all aspects of Project financial, procurement, and contract management in accordance with the provisions of this Agreement, the PIM, and the MFAAP; (iii) building capacity of the DAAF in Project financial, procurement, and contract management; and (iv) transfer of Project financial, procurement, and contract management responsibilities to the DAAF on an incremental and annual basis;

(d) employed a firm for purposes of conducting the audit referred to in Section 4.01(b)(i) of this Agreement, all in accordance with the provisions of Section II of Schedule 3 to this Agreement and under terms and conditions satisfactory to the Association; and

(e) concluded performance-based contracts with at least ten (10) Health Structures in the 18 Prefectures targeted under the Project under terms and conditions satisfactory to the Association.

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 Borrower; Addresses

Section 7.01. The Minister of Economy and Finance 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 Economy and Finance
Conakry
Guinea

Telex: Facsimile:

22399 MIFIGE (224) 42 21 02

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) or (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.

REPUBLIC OF GUINEA

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

Authorized Representative
### SCHEDULE 1

#### Withdrawal of the Proceeds of the Credit

**A. General**

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>9,289,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works</td>
<td>40,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants' services, including audits</td>
<td>2,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Training, including study tours</td>
<td>800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Work Program Grants (Goods and consultants' services)</td>
<td>3,100,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(6) Subproject Grants</td>
<td>210,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(7) Incremental operating costs</td>
<td>811,000</td>
<td>100%</td>
</tr>
<tr>
<td>(8) Refunding of Project Preparation Advance</td>
<td>350,000</td>
<td>Amount due pursuant to Section 2.02 (b) of this Agreement</td>
</tr>
<tr>
<td>(9) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16,600,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
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; and

(c) the term "incremental operating costs" means the incremental expenses incurred by the MOPH on account of Project implementation, management, and monitoring, including office space rental and utilities, office supplies, bank charges, communications, vehicle operation, maintenance, and insurance, building and equipment maintenance costs, travel and supervision costs, and advertising costs, but excluding salaries, honoraria, fees, and bonuses of members of the Borrower's civil service.

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

(a) prior to the date of this Agreement;

(b) in respect of Category (5) of the table in Part A.1 of this Schedule, unless the Subproject Grant thereunder has been provided in accordance with the procedures and on the terms and conditions set forth or referred to in this Agreement, the PIM, and the MFAAP; and

(c) in respect of Category (6) of the table in Part A.1 of this Schedule, unless the Work Program Grant thereunder has been provided in accordance with the procedures and on the terms and conditions set forth or referred to in this Agreement, the PIM, and the MFAAP;

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods and works costing less than $150,000 equivalent per contract; (b) for services of individual consultants costing less than $50,000 equivalent per contract; and (c) for 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 Borrower.

5. The Borrower may request withdrawals from the Credit Account to be made on the basis of reports to be submitted to the Association in form and substance satisfactory to the Association, such reports to include the FMR and any other information as the
Association shall specify by notice to the Borrower (Report-based Disbursements). In the case of the first such request submitted to the Association before any withdrawal has been made from the Credit Account, the Borrower shall submit to the Association only a statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

B. Special Accounts

1. The Borrower may open and maintain in Dollars special deposit accounts (Special Account A in respect of Categories (5) and (6) of the table in Part A.1 of this Schedule, and Special Account B in respect of Categories (1)-(4) and (7)-(9) of the table in Part A.1 of this Schedule) in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment.

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

   (a) if the Borrower is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

   (b) if the Borrower is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the respective Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the respective Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

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

   (a) if the Association, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

   (b) if the Association determines at any time that all further withdrawals for payment of Eligible Expenditures 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 respective Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Association shall not be required to make further deposits into the respective 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 respective Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Association determines at any time that any payment out of the respective 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 respective Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. Unless the Association shall otherwise agree, no further deposit by the Association into the respective Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association determines at any time that any amount outstanding in the respective 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 respective Special Account.

(d) Refunds to the Association made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of this Agreement.
Annex A
to
SCHEDULE 1

Operation of Special Account
When Withdrawals Are Not
Report-based Disbursements

1. For the purposes of this Annex, the term “Authorized Allocation” means:
   
   (a) in respect of Special Account A, the amount of $500,000 to be withdrawn from the Credit Account and deposited into said Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount equivalent to $250,000, until the aggregate amount of withdrawals from the Credit Account of amounts allocated to said Special Account’s Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall equal or exceed the equivalent of SDR 700,000; and
   
   (b) in respect of Special Account B, the amount of $1,500,000 to be withdrawn from the Credit Account and deposited into said Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount equivalent to $750,000, until the aggregate amount of withdrawals from the Credit Account of amounts allocated to said Special Account’s Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall equal or exceed the equivalent of SDR 5,000,000.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Special Account shall be made as follows:
   
   (a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the respective Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount as the Borrower shall have requested.
   
   (b) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposit into the respective Special Account at such intervals as the Association shall specify. Prior to or at the time of each such request, the
Borrower shall furnish to the Association the documents and other evidence required pursuant to Part B.3 of Schedule I to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the respective Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.

3. The Association shall not be required to make further deposits into the respective Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.
1. Withdrawals from the Credit Account shall be deposited by the Association into the respective Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the respective Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.

2. 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 respective Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.
SCHEDULE 2

Description of the Project

The objective of the Project is to improve the coverage and quality of maternal and child health services in targeted districts and targeted health centers in the peri-urban areas of Conakry.

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:

A. Health Care Services

1. Quality of care

   (a) Strengthening of chain-of-care for at-risk deliveries, including in respect of early identification of such deliveries by traditional birth attendants, through provision of: (i) drugs to Health Structures; and (ii) basic medical and office equipment and furniture to Health Structures and training to traditional birth attendants, through implementation of OAPs under Work Program Grants provided to Health Structures;

   (b) Achievement of improvement in quality of basic and emergency childbirth care in public and private Health Centers and in adherence to norms of such care through provision of: (i) medical equipment and drugs to such Health Centers; and (ii) technical advisory services and training to and renovation of such Health Centers, through implementation of OAPs under Work Program Grants provided to Health Structures;

   (c) Achievement of improvement in quality of emergency childbirth care at higher levels of health services network, namely, in Improved Health Centers, Prefectoral hospitals, and private clinics, through provision of: (i) medical equipment, drugs, and vehicles to said entities; and (ii) technical advisory services and training to said entities, through implementation of OAPs under Work Program Grants provided to said entities;

   (d) Achievement of increase in utilization of family planning services and of integrated mother-child intervention activities, including Extended Program of Immunization, through provision of: (i) medical equipment, drugs, and vehicles to Health Structures; and (ii) technical advisory services and training to Health Structures, through implementation of OAPs under Work Program Grants provided to Health Structures;
(e) Strengthening of prevention, treatment, and operational research under Roll Back Malaria program through provision of equipment, including bed nets, antimalarial drugs, and vehicles, technical advisory services, and training to Health Structures;

(f) Achievement of improvement in access to care through strengthening of patient referral system through provision of wireless communication equipment to Health Centers and wireless communication equipment and ambulance vehicles to Improved Health Centers and Prefectoral hospitals; and

(g) Achievement of improvement in obstetrical service delivery through provision of: (i) medical equipment and drugs to Health Centers, Improved Health Centers, Prefectoral hospitals, and private clinics; and (ii) technical advisory services to said entities and recruitment and training of midwives for Improved Health Centers and Prefectoral hospitals.

2. Community mobilization

(a) Support to development of Health Mutuals through provision of medical equipment, vehicles, technical advisory services, and training to new Health Mutuals;

(b) Support to management of Health Centers by Communes and CRDs in six (6) pilot Prefectures, with evaluation of pilot serving as basis for extension of scheme to other 12, through provision of office equipment, technical advisory services, and training to Communes and CRDs in said Prefectures;

(c) Achievement of increase in public awareness and official accountability in respect of Borrower’s health expenditures through publication of budgets and expenditures of Health Structures through provision of small office equipment and technical advisory services to said structures; and

(d) Carrying out of health information, education, and communication campaigns, and identification of at-risk deliveries and of children under a year old for purposes of Diphtheria-Tetanus-Whooping Cough-Polio third dose (DTCP3) vaccination coverage through implementation of related Subprojects under Subproject Grants provided to Community groups, civil society organizations, and private sector entities.
B. Institutions

1. Strengthening the monitoring and evaluation systems of the health sector through training, preparation and distribution of annual health bulletin, surveys, technical assistance, provision of computers, software and other office equipment.

2. Support to implementation of NMWMP through provision of equipment incinerators and protection materiel such as gloves, wheel barrels, technical advisory services, and training to Health Structures, and carrying out of public awareness campaign in respect of NMWMP.

3. Support to Reproductive Health Training and Research Center through provision of medical and office equipment and furniture, technical advisory services, and training to said center.

4. Project management, coordination, monitoring and evaluation (i) provision of office furniture and equipment, including information technology equipment, vehicles, technical advisory services, including for purpose of research and studies, and training, including workshops and study tours in the Borrower's region, to entities involved in Project implementation and financing of incremental operating costs of said entities; and (ii) strengthening the DAAF and its decentralized units, including in respect of financial, procurement, and contract management, through contracting of an FMA and provision of office furniture and equipment, including information technology equipment, vehicles, technical advisory services and training to the DAAF.

* * *

The Project is expected to be completed by June 30, 2013.
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 Borrower and works to be carried out by domestic contractors.

B. **Other Procurement Procedures**

1. **National Competitive Bidding.** Goods estimated to cost less than $150,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding.

2. **Shopping.** Goods estimated to cost less than $50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.
3. Direct Contracting. Goods to which the Association agrees and meet the requirements for Direct Contracting, may be procured through direct contracting in accordance with the provisions of paragraphs 3.6 and 3.7 of the Guidelines.

4. Community Participation. Works and services required for Part A.1 of the project may be procured on the basis of Community participation in accordance with procedures acceptable to the Association and described in the PIM.

5. Procurement from UN Agencies. Goods required for Parts A and B of the Project and vaccines and drugs regardless of cost may be procured directly from IAPSO, UNFPA, UNICEF, or WHO in accordance with the provisions of paragraphs 3.1 and 3.9 of the Procurement Guidelines.

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 entirely national consultants.

B. Other Procedures

1. 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.

2. Selection Based on Consultants' Qualifications. Services estimated to cost less than $100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

3. 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.

4. 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 Borrower, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods and services (other than consultants' services) estimated to cost the equivalent of $150,000 or more procured on the basis of International Competitive Bidding; (b) the first ten (10) contracts for works under Part A.1 (b) (ii) of the Project procured on the basis of Community Participation; (c) each contract procured on the basis of Direct Contracting; (d) each contract for consultants' services to be provided by a firm estimated to cost the equivalent of $100,000 or more; (e) each contract for consultants' services provided by an individual estimated to cost the equivalent of $50,000 or more; and (f) each contract procured on the basis of Single Source Selection. All other contracts shall be subject to Post Review by the Association.
SCHEDULE 4

Implementation Program

A. Institutional Arrangements

1. The MOPH, headed by its Secretary General, shall be responsible for coordination of Project implementation in accordance with the provisions of this Agreement, the PIM, and the MFAAP.

2. The Recipient shall maintain, throughout the implementation of the Project:
   (a) a steering committee (the "Steering Committee") with functions and resources satisfactory to the Association. The Steering Committee shall be responsible, *inter alia*, for (i) providing strategic guidance, (ii) monitoring the overall progress of the Project and (iii) at the central level, reviewing and approving the Annual Work Plans, as well as the Project Report, FMRs and other reports required from time to time under this Agreement in connection with the Project. The Steering Committee shall be chaired by the Secretary General of the MOPH and include representatives from the MOPH's departments, UNICEF, UNFPA and WHO; and
   (b) a Project coordination unit (the "PCU" or "Project Coordination Unit), under the purview of the Secretary General of the MOPH, with staff, functions and resources satisfactory to the Association. The PMU shall be responsible, *inter alia*, for day-to-day management of the Project. The PCU shall be composed, *inter alia*, of (i) a Project coordinator, (ii) two (2) specialists for health care services strengthening, and (iii) one specialist for monitoring and evaluation, all with skills, qualifications and experience acceptable to the Association.

3. The Borrower shall establish a Health Team comprising:
   (a) at the Regional level, five (5) representatives from the respective Region, including the respective Regional Director of Health as Chair, the respective Regional Director of Hospitals, and at least one (1) midwife. The Health Team, at the Regional level, shall be responsible for coordination and supervision of the respective Prefectoral Operational Action Plans.
   (b) at the Prefectoral level, five (5) representatives from the respective Prefecture, including the respective chief resident acting as Chair, at least one (1) midwife, and at least one (1) pediatrician. The Health Team, at the Prefectoral level, shall be responsible, *inter alia*, for: (i) training of health personnel at Dispensaries, Health Centers, and Improved Health Centers; (ii) supervision of all Health Structures under its
responsibility in the Prefecture; and (iii) quality enhancement of the Health Structures in said Prefecture.

4. The Steering Committee at the central level and the Health Teams at the Regional, and Prefectoral levels shall be responsible for screening of health service delivery contracts with Health Structure Management Committees, Non-Governmental Organizations, Health Mutuals, and the private sector.

5. The Borrower shall maintain, throughout the implementation of the Project, the Financial Management Services Agreement referred to in Section 6.01 (c) of this Agreement.

6. The Borrower shall, within six (6) months of the Effective Date, develop and establish a computerized contract tracking and monitoring system, in form and substance satisfactory to the Association.

7. The Borrower shall carry out a data collection survey: (a) at least once during the first year of Project implementation; (b) prior to Midterm Review; and (c) at Project completion.

8. Except as the Association shall otherwise agree, the Borrower shall: (a) apply the criteria, policies, procedures, and arrangements set out in the PIM and MFAAP; and (b) not amend or waive, or permit to be amended or waived, the PIM or MFAAP or any provision thereof, in a manner which, in the opinion of the Association, may materially or adversely affect Project implementation.

B. Work Programs

1. General

   (a) Without limitation upon the provisions of Part A of this Schedule, the Borrower shall appraise, approve, and monitor the Work Programs under Part A.1 (a)- (d) of the Project in accordance with the provisions of this Part B, the PIM, and the MFAAP.

   (b) The Health Team at the respective Prefectoral level shall appraise and approve Work Programs.

2. Eligibility Criteria and Procedures for Work Programs

   (a) Each Dispensary, Health Center, Improved Health Center, and Prefectoral Hospital shall prepare an action plan on an annual basis, submit it to the
Health Team at the respective Prefectoral level for approval, and subsequently conclude an agreement with the respective Prefectoral Director of Health for implementation of said plan.

(b) The respective Prefectoral Director of Health shall prepare the respective Prefectoral OAP on an annual basis in light of the Borrower's Five-Year Plan, and submit it to the Health Team at the respective Prefectoral level for approval, and subsequently to the respective Regional Director of Health for signature.

(c) The respective Regional Director of Health shall prepare the respective Regional OAP on an annual basis in light of the Borrower's Five-Year Plan, and submit it to the Health Team at the respective Regional level for approval, and subsequently to the Secretary General of the MOPH for signature.

(d) The PCU shall prepare the central-level OAP on an annual basis in light of the Five-Year Plan, and submit it to the Steering Committee for approval, and subsequently to the Secretary General of the MOPH for signature.

(e) No proposed Work Program shall be eligible for financing under the Project unless the Steering Committee has determined, on the basis of an appraisal conducted in accordance with this Section, the PIM, and the MFAAP, that the proposed Work Program satisfies the eligibility criteria specified below and in further detail in the PIM and the MFAAP, which shall include, *inter alia*, the following:

(i) the proposed Work Program shall be initiated by a Health Structure which meets the eligibility criteria specified in the PIM, and such group, organization, or entity shall be eligible for subsequent Work Program Grants if it has completed the Work Program to the satisfaction of the Borrower and the Association;

(ii) the proposed Work Program shall be for, but not limited to, activities set forth in Part A.1 (a)-(d) of the Project and further detailed in the PIM; and

(iii) the financing of the proposed Work Program shall be fully covered by the amount of the Work Program Grant.

3. Terms and Conditions of Work Program Grant Agreements

(a) A Work Program shall be carried out pursuant to a Work Program Grant Agreement, to be concluded between the Borrower and a Health Structure under terms
and conditions, satisfactory to the Association, described in further detail in the PIM and MFAAP, which, *inter alia*, shall include the following:

(i) the obligation of the Beneficiary to: (A) carry out the Work Program with due diligence and efficiency and in accordance with sound medical, public health, environmental, including medical waste management, financial, and administrative practices; and (B) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations, and expenditures relating to the Work Program;

(ii) the requirement that the goods, works, and consultants' services to be financed from the proceeds of the Work Program Grant shall be procured in accordance with procedures ensuring efficiency and economy and with the provisions of Schedule 3 to this Agreement, and shall be used exclusively in the carrying out of the Work Program; and

(iii) the right of the Borrower to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants, and construction included in the Work Program, the operations thereof, and any relevant records and documents; (B) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation, and financial condition of Work Programs; and (C) suspend or terminate the right of any Health Structure to use the proceeds of a Work Program Grant upon failure by the Health Structure to perform any of its obligations under the Work Program Grant Agreement;

(b) the Borrower shall exercise its rights under the Work Program Grant Agreement in such manner as to protect its interests and the interests of the Association and to achieve the Project objectives, and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate, or waive the Work Program Grant Agreement or any substantive provision thereof.
C. **Subprojects**

1. **General**

   (a) Without limitation upon the provisions of Part A of this Schedule, the Borrower shall appraise, approve, and monitor the Subprojects under Part A.2 (d) of the Project in accordance with the provisions of this Part C, the PIM, and the MFAAP.

   (b) The Health Team at the respective Prefectoral level shall appraise and approve Subprojects.

2. **Eligibility Criteria and Procedures for Subprojects**

   (a) Subprojects shall be prepared on an annual basis, submitted to the Health Team at the respective Prefectoral level for approval, and subsequently to the respective Prefectoral Director of Health for signature.

   (b) No proposed Subproject shall be eligible for financing under the Project unless the Health Team has determined, on the basis of an appraisal conducted in accordance with this Section, the PIM, and the MFAAP, that the proposed Subproject satisfies the eligibility criteria specified below and in further detail in the PIM and the MFAAP, which shall include, *inter alia*, the following:

   (i) the proposed Subproject shall be initiated by a Community group, civil society organization, or private sector entity which meets the eligibility criteria specified in the PIM, and such group, organization, or entity shall be eligible for subsequent Subproject Grants if it has completed the Subproject to the satisfaction of the Borrower and the Association;

   (ii) the proposed Subproject shall be for, but not limited to, activities set forth in Part A.2 (d) of the Project and further detailed in the PIM;

   (iii) the investment cost of each proposed Subproject shall not exceed $10,000 equivalent, except as previously agreed with the Association; and

   (iv) the financing of the proposed Subproject shall be fully covered by the amount of the Subproject Grant.
3. Terms and Conditions of Subproject Grant Agreements

(a) A Subproject shall be carried out pursuant to a Subproject Agreement, to be concluded between the Borrower and a Beneficiary, under terms and conditions, satisfactory to the Association, described in further detail in the PIM and MFAAP, which, *inter alia*, shall include the following:

(i) the obligation of the Beneficiary to: (A) carry out the Subproject with due diligence and efficiency and in accordance with sound medical, public health, environmental, including medical waste management, financial, and administrative practices; and (B) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations, and expenditures relating to the Subproject;

(ii) the requirement that the goods, works, and consultants’ services to be financed from the proceeds of the Subproject Grant shall be procured in accordance with procedures ensuring efficiency and economy and with the provisions of Schedule 3 to this Agreement, and shall be used exclusively in the carrying out of the Subproject; and

(iii) the right of the Borrower to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants, and construction included in the Subproject, the operations thereof, and any relevant records and documents; (B) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation, and financial condition of Subprojects; and (C) suspend or terminate the right of any Beneficiary to use the proceeds of a Subproject Grant upon failure by the Beneficiary to perform any of its obligations under the Subproject Grant Agreement;

(b) the Borrower, as the case may be, shall exercise its rights under the Subproject Grant Agreement in such manner as to protect its interests and the interests of the Association and to achieve the Project objectives, and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate, or waive the Subproject Grant Agreement or any substantive provision thereof.

D. Safeguards

1. Except as the Association shall otherwise agree, the Borrower shall: (a) apply the criteria, policies, procedures, and arrangements set out in the NMWMP; and (b) not
amend or waive, or permit to be amended or waived, the NMWMP or any provision thereto, in a manner which, in the opinion of the Association, may materially or adversely affect Project implementation.

E. Monitoring and Evaluation

Annual Work Plans and Budgets

1. The Borrower shall furnish to the Association for its approval as soon as available, but in any case not later than January 31 of each year, the Annual Work Plan and budget for such year, of such scope and in such detail as the Association shall have reasonably requested, with confirmation of availability of the Borrower’s contribution for expenditures under the Project for such year.

Annual Reviews

2. The Borrower shall:

   (a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in the PIM and acceptable 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 November 1, 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 December 1, 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.

Midterm Review

4. The Borrower shall:
(a) carry out jointly with the Association, no later than 18 months prior to the Closing Date, a midterm review to assess the status of Project implementation, as measured against the performance indicators referred forth in the PIM and acceptable to the Association. Such review shall include an assessment of the following: (i) overall progress in Project implementation; (ii) results of monitoring and evaluation activities; (iii) budgets; (iv) progress on procurement and disbursement; (v) performance of the FMA in respect of building capacity of the DAAF in financial, procurement, and contract management; and (vi) progress in establishment of Reproductive Health Training and Research Center; and make adjustments to the Project and reallocate funds to improve performance, if needed;

(b) prepare and furnish to the Association, three (3) months before such review, a report, in scope and detail satisfactory to the Association, needed to undertake the review, 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 the 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, jointly with the Association, 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.