

CONFORMED COPY

CREDIT NUMBER 2964 IN

Development Credit Agreement

(Malaria Control Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 30, 1997

CREDIT NUMBER 2964 IN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 30, 1997, between INDIA, acting by its President (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, which Project is designed to support the development of the Borrower's existing malaria program into an enhanced and more diversified malaria control program, has requested the Association to assist in the financing of the Project;

(B) certain activities under the Project shall be carried out by the States of the Borrower with the Borrower's assistance and, as part of such assistance, the Borrower will make available to each such State part of the proceeds of the Credit as provided in this Agreement; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

- (a) The last sentence of Section 3.02 is deleted.
- (b) The second sentence of Section 5.01 is modified to read:

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

- (c) Section 6.03 is modified to read:

"Section 6.03. Cancellation by the Association. If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) at any time, the Association determines, after consultation with the Borrower, that an amount of the Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Credit, or (c) at any time, the Association determines, with respect to any contract to be financed out of the proceeds of the Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Association to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (d) at any time, the Association determines that the procurement of any contract to be financed out of the proceeds of the Credit is inconsistent with the procedures set forth or referred to in the Development Credit Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (e) after the Closing Date, an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Credit shall be canceled."

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) "Core Project States" means the Project States (as hereinafter defined) of Andhra Pradesh, Bihar, Gujarat, Madhya Pradesh, Maharashtra, Orissa and Rajasthan collectively, and "Core Project State" means any one of them individually;
- (b) "Project State" means any State (as hereinafter defined) in which the Project, or any part thereof, is carried out;
- (c) "District" means an administrative unit or a municipal corporation within a Project State;
- (d) "Enhanced Program" means the existing malaria program administered by the NMEP Directorate (as hereinafter defined) as developed by the objectives and program of actions and guidelines described in the National Policy Letter (as hereinafter defined) and the Revised Insecticide Guidelines (as hereinafter defined) into an enhanced and more diversified malaria control program;

(e) "IEC" means information, education and communication;

(f) "Letter of Undertaking" means the Letter of Undertaking to be executed and furnished to the Borrower by each of the Core Project States pursuant to Section 3.01(b) of this Agreement;

(g) "National Policy Letter" means the letter dated April 24, 1997 from the Borrower which, together with the Revised Insecticide Guidelines (as hereinafter defined), describes objectives and a program of actions and guidelines designed to transform the Borrower's existing malaria program into the Enhanced Program, and declares the Borrower's commitment to implementation of the Enhanced Program nationally;

(h) "NMEP" means the National Malaria Eradication Program of the Borrower;

(i) "NMEP Directorate" means the directorate within the Borrower's Ministry of Health and Family Welfare responsible for implementing the NMEP;

(j) "Revised Insecticide Guidelines" means the letter dated March 27, 1997 from the Borrower which, together with the National Policy Letter, describes objectives and a program of actions and guidelines designed to transform the Borrower's existing malaria program into the Enhanced Program, and declares the Borrower's commitment to implementation of the Enhanced Program nationally;

(k) "Special Account" means the account referred to in Section 2.02(b) of this Agreement; and

(l) "State" means a State of India or a Union Territory, and includes any successor thereto.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to one hundred nineteen million two hundred thousand Special Drawing Rights (SDR 119,200,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for 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 described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars a special deposit account in the Reserve Bank of India on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be March 31, 2003 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 days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

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

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

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

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each May 1 and November 1 commencing November 1, 2007 and ending May 1, 2032. Each installment to and including the installment payable on May 1, 2017 shall be one and one-fourth percent ( $1-1/4\%$ ) of such principal amount, and each installment thereafter shall be two and one-half percent ( $2-1/2\%$ ) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

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

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

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under this Agreement, shall carry out, or cause to be carried out, the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and public health practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon any provisions of this Agreement, the Borrower

shall cause each of the Core Project States to carry out its respective activities under the Project in accordance with a Letter of Undertaking satisfactory to the Association, to be executed and furnished to the Borrower by each Core Project State, and the provisions set forth in Schedule 4 to this Agreement.

(c) Without limiting any of its obligations under this Agreement, the Borrower: (i) shall take and cause to be taken all actions, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable each Project State to perform all the obligations of such Project State set forth in this Agreement and, in the case of Core Project States, its respective Letter of Undertaking; and (ii) shall not take or permit to be taken any action which would prevent or interfere with such performance.

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

(e) The Borrower shall make part of the proceeds of the Credit available to each Project State for such parts of the Project to be carried out by such Project State in accordance with the Borrower's standard arrangements for development assistance to the States.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

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

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

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower and the Project States responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall 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 statements of expenditure, the Borrower shall:

(a) of this (i) maintain or cause to be maintained, in accordance with paragraph Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit report of such audit as to whether the statements of year, together with the procedures their preparation, can be relied upon to withdrawals. referred to in paragraph (b) of this Section and that the contains a separate opinion by said auditors expenditure submitted during such fiscal and internal controls involved in support the related

#### ARTICLE V

##### Remedies of the Association

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

(a) Any Project State shall have failed to perform any of its obligations under this Agreement or, in the case of Core Project States, its respective Letter of Undertaking.

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that any Project State will be able to perform its obligations under this Agreement or, in the case of Core Project States, its respective Letter of Undertaking.

(c) The Borrower shall have waived or failed to enforce any of the provisions of any Letter of Undertaking.

(d) Any Letter of Undertaking shall have been amended, suspended, abrogated or repealed so as to adversely affect the Project.

(e) A situation shall have arisen which shall make it improbable that the Enhanced Program or a significant part thereof will be carried out. Section 5.02. Pursuant to Section 7.01(d) of the General Conditions, the following additional events are specified: any of the events specified in paragraphs (a), (c) and (d) of Section 5.01 of this Agreement shall occur and continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. 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.

Section 6.02. The obligations of the Borrower under Schedule 4 to this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date twenty (20) years after the date of this Agreement, whichever shall be the earlier.

#### ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. Any Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of 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:

Secretary to the Government of India  
Department of Economic Affairs  
Ministry of Finance  
New Delhi, India

Cable address:

ECOFAIRS  
New Delhi

Telex:

953-3166175

For the Association:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

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

INDIA

By /s/ Sudhakar Rao

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mieko Nishimizu  
Regional Vice President  
South Asia

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Works	3,500,000	90%
(2) Furniture and Equipment, Vehicles, Drugs and Supplies, Biocides and Larvivorous Fish	15,600,000	100% of foreign expenditures, 100% of local expen- ditures (ex-factory cost) and 80% of local
expendi- tures for other items procured locally		
(3) Insecticides (pyrethroids)	41,900,000	85%
(4) Medicated Mosquito Nets	4,600,000	100% of foreign expenditures, 100% of local expen- ditures (ex- factory cost) and 80% of local expenditures for other procured
items locally		
(5) Malaria Link Functions, NGO services, publicity, IEC, operational research, training, workshops and fellowships and Consultants' services	36,700,000	100%
(6) Incremental costs for salaries, operating  and maintenance	7,400,000	80% through June 30, 1999, expenses  through March 31, 1999 through June 30, 2001 and 25% thereafter
(7) Unallocated	9,500,000	
TOTAL	119,200,000 =====	

2. For the purposes of this Schedule:

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

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "incremental costs" means the cost of additional staff employed for the purposes of the Project, the cost of office expenses and spraying operations under the Project, the cost of operation and maintenance of vehicles and equipment purchased under the Project and the cost of operation and maintenance of facilities



constructed under the Project.

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

(a) expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 3,600,000, may be made in respect of Categories (2) through (6) on account of payments made for expenditures before that date but after September 30, 1996; and

(b) expenditures (i) incurred in or by any State which is not a Project State as such term is defined in this Agreement; and (ii) incurred in or by any of the Core Project States unless it shall first have executed and delivered to the Borrower a Letter of Undertaking satisfactory to the Borrower and the Association.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) incremental costs; (b) consultants' services under contracts not exceeding \$200,000 equivalent in the case of firms and \$50,000 equivalent in the case of individuals; (c) contracts for goods and works not exceeding \$300,000 equivalent each; (d) contracts for medicated mosquito nets not exceeding \$300,000 each; and (e) contracts for vehicles and insecticides (pyrethroids) not exceeding \$100,000 each; under such terms and conditions as the Association shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to assist the Borrower in reducing morbidity and mortality from malaria through the development of the Borrower's existing National Malaria Eradication Program into the Enhanced Program.

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 objective:

#### Part A: Integrated Early Detection and Prompt Treatment

1. Improving the quality and accessibility of first-level health units, through: (a) providing equipment, drugs and diagnosis and treatment guidelines to existing fever treatment depots (FTDs) and drug distribution centers (DDCs) in selected Districts; (b) establishing at least one FTD or DDC in selected villages which currently lack a FTD or DDC; (c) establishing a system of malaria link functions (MLFs) to transfer supplies and information between primary health care facilities (PHCFs) and FTDs and DDCs; and (d) training in the diagnosis, treatment and referral of malaria cases for FTD and DDC workers, MLFs and multipurpose workers (MPWs).

2. Improving the speed and accuracy with which malaria cases are diagnosed, through: (a) providing equipment, supplies, and laboratory training to selected PHCFs and district hospitals; (b) making dipstick tests available on the market for use in selected private clinics; (c) training in blood slide collection for FTD and DDC workers, MPWs and MLFs; and (d) training and guidelines for private practitioners.

3. Improving the treatment of severe and complicated malaria cases, through: (a) providing equipment to selected PHCFs and district hospitals; (b) providing case management guidelines to private practitioners; and (c) training for PHCF medical officers and their technical assistants. 4. Developing and implementing a system for collecting and sharing data on malaria cases diagnosed and treated.

#### Part B: Selective Vector Control

##### 1. Selective Vector Control and Diversification

a. Utilizing insecticides for the purpose of malaria control in a more selective manner and improving the cost-effectiveness and acceptability of insecticide spraying, through the provision of technical and other assistance and training, equipment and supplies to: (i) develop epidemiological methods to select high

incidence villages for spraying; (ii) improve epidemiological record-keeping; (iii) select the least expensive, effective insecticide for each area to be sprayed; and (iv) define criteria for determining the efficacy of spraying and for the withdrawal of insecticide spraying.

b. Strengthening non-insecticide vector control activities, through the provision of technical and other assistance and training, equipment and supplies to: (i) build larvivorous fish hatcheries and improve the system for distribution and monitoring of such fish; and (ii) increase the use of bio-larvicides, especially in urban areas, based on local operational research and efficacy.

## 2. Medicated Mosquito Net Program

a. Assessing in selected communities the acceptability, sustainability, efficacy and cost-effectiveness of medicated mosquito nets (MMNs) for the prevention of malaria, including Non-Governmental Organizations (NGOs) and social marketing agencies in the distribution and testing of such nets.

b. (i) The distribution and re-treatment of MMNs in those areas in which they have been found effective, involving public, private and voluntary community organizations in such distribution and re-treatment, (ii) the provision of small grants to local cooperatives and grassroots groups to pursue the manufacture and distribution of MMNs, and (iii) the refinement of the MMN strategy through utilization of the results of the first and second annual program development reviews carried out under Part D(1)(e) of the Project, while avoiding widespread public distribution of MMNs prior to such reviews being undertaken.

## Part C: Epidemic Response and Intersectoral Collaboration

### 1. Epidemic Planning and Rapid Response

a. Developing, testing and implementing a geographic information system, including research on ecological, climatic and socioeconomic risk factors for malaria.

b. Developing and distributing guidelines for reporting and responding to early indicators of a malaria epidemic.

c. Strengthening regional offices to: (i) coordinate control efforts in the event of a malaria epidemic; and (ii) assist the Project States in carrying out suitable prevention activities.

### 2. Intersectoral Collaboration

a. Distributing malaria prevention and treatment guidelines to relevant ministries/departments of the Borrower, institutions, industries and development projects.

b. Promoting the adoption of model by-laws and other public health efforts at the municipal and state levels to ensure that development projects do not create conditions that cause malaria, and to treat malaria when it occurs.

## Part D: Institutional Strengthening

### 1. Institutional Strengthening

a. Developing and implementing an integrated Information, Education and Communication (IEC) program for community leaders, local health-care workers, and non-health personnel from private and voluntary sectors, such program to include professionally-created mass media messages and local folk media approaches for promoting prevention and early detection and treatment of malaria.

b. In-service training for personnel involved in malaria control activities and foreign fellowships and study tours.

c. Developing, piloting and expanding a Management Information System for the NMEP Directorate.

- d. Renovating and upgrading the NMEP Directorate's existing office space and constructing new NMEP Directorate facilities.
- e. Conducting annual program development reviews of the Enhanced Program.
- f. Constructing a new research facility for the Borrower's Malaria Research Center.
- g. Identifying priority items for operational research, and executing the projects identified.
- h. Institutionalizing a mechanism for periodic reviews of environmental issues, through support for (i) the functioning of inter-agency efforts and working groups, and (ii) a repeat environmental assessment of the Enhanced Program.
- i. An independent review of the technical, administrative and operational aspects of the Enhanced Program.
- j. Developing and distributing a malaria control advocacy package to national and state-level opinion leaders.
- k. Health risk assessment studies, workshops and related project preparation activities.
- l. Strengthening the capabilities of the NMEP Directorate to supervise the Enhanced Program, including the provision of technical assistance, training in logistics management and information systems, and necessary equipment and supplies.
- m. The provision of resources to a unit within the NMEP Directorate which will be responsible for gathering and processing data for the annual program development reviews.

\* \* \*

The Project is expected to be completed by September 30, 2002.

### SCHEDULE 3

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

###### Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 (the Guidelines) and the following provisions of this Section, as applicable.

###### Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

###### Part C: Other Procurement Procedures

###### 1. Limited International Bidding

Dipsticks and artemesine injection drugs estimated to cost \$300,000 equivalent or less per contract, up to an aggregate amount not to exceed \$1,600,000 equivalent, which the Association agrees can only be purchased from a limited number of suppliers,

regardless of the cost thereof, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

## 2. National Competitive Bidding

(a) Medicated mosquito nets estimated to cost \$300,000 equivalent or less per contract, (b) furniture, equipment, laboratory and other supplies, drugs, biocides and larvivorous fish estimated to cost \$300,000 equivalent or less per contract, up to an aggregate amount not to exceed \$7,500,000 equivalent, and (c) works estimated to cost more than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$4,100,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

## 3. National Shopping

Medicated mosquito nets estimated to cost \$50,000 equivalent or less per contract, up to an aggregate amount not to exceed \$1,500,000 equivalent, furniture, equipment, laboratory and other supplies, drugs, biocides and larvivorous fish estimated to cost \$50,000 equivalent or less per contract, up to an aggregate amount not to exceed \$6,000,000 equivalent, insecticides (pyrethroids) estimated to cost \$100,000 equivalent or less per contract, up to an aggregate amount not to exceed \$4,800,000 equivalent, and vehicles estimated to cost \$100,000 equivalent or less per contract, up to an aggregate amount not to exceed \$600,000, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

## 4. Procurement of Small Works

Works estimated to cost \$20,000 equivalent or less per contract, up to an overall aggregate amount not to exceed \$1,800,000 equivalent, may:

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

(b) be procured in accordance with the provisions of paragraph 3.7 of the Guidelines, up to an aggregate amount not to exceed \$500,000; or

(c) as a last resort, be carried out by force account in a manner satisfactory to the Association, up to an aggregate amount not to exceed \$500,000.

## Part D: Review by the Association of Procurement Decisions

### 1. Procurement Planning

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

### 2. Prior Review

With respect to (i) each contract for works estimated to cost the equivalent of \$300,000 or more, (ii) each contract for goods estimated to cost more than \$300,000 equivalent, (iii) each contract for dipsticks and artemesine injection drugs estimated to cost more than \$300,000 equivalent, (iv) the first contract each for dipsticks and artemesine injection drugs estimated to cost the equivalent of \$300,000 or less, (v) each contract for medicated mosquito nets estimated to cost more than \$300,000 equivalent, (vi) the first three contracts for goods (furniture, equipment, laboratory and other supplies, drugs, biocides, larvivorous fish) estimated to cost more than

\$50,000 equivalent each but less than \$300,000 equivalent each, and (vii) each contract for vehicles and insecticides (pyrethroids) estimated to cost more than \$100,000 equivalent, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

### 3. Post Review

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

## Section II. Employment of Consultants

### Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

### Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 2.13 through 2.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of NGOs and consultants for services for IEC, civil works and management information systems estimated to cost less than \$200,000 equivalent per contract may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

### Part C: Other Procedures for the Selection of Consultants

#### 1. Single Source Selection

Services for publicity, training and workshops, up to an aggregate amount not to exceed \$14,200,000 equivalent, shall be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines and Project-specific procedures agreed with the Association.

#### 2. Non-Governmental Organizations

Services for operational research activities and NGO contracts which are estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$13,500,000 equivalent, shall be procured in accordance with the provisions of paragraph 3.14 of the Consultant Guidelines and Project-specific procedures agreed with the Association.

#### 3. Service Delivery Contractors

Services to be provided by insecticide spray workers, individual consultants and individual researchers which are estimated to cost \$10,000 equivalent or less per contract, up to an aggregate amount not to exceed \$18,100,000 equivalent, shall be in procured in accordance with the provisions of paragraph 3.19 of the Consultant Guidelines.

#### 4. Individual Consultants

Services for institutional strengthening, epidemic planning and intersectoral collaboration shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

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

2. Prior Review

(a) With respect to each contract estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract estimated to cost the equivalent of \$50,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

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

3. Post Review

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

SCHEDULE 4

Implementation Program

Project Implementation

1. The Borrower shall implement the Project in accordance with the National Policy Letter, the Revised Insecticide Guidelines and the Project Implementation Plan agreed with the Association (PIP).

Review of the Enhanced Program

2. The Borrower shall ensure that an independent review of the technical, administrative and operational aspects of the Enhanced Program is completed by December 15, 2000.

Enhanced Program Management

3. The Borrower shall make provision for three dedicated positions within the NMEP Directorate for staff with skills in finance and administration, social assessment and IEC, and shall appoint staff to fill such positions by April 1, 2000. By April 1, 1998 the Borrower shall change the name of the NMEP Directorate to "Directorate of National Malaria Action Program" or such other name reflective of the policies and objectives of the Enhanced Program and not reflecting eradication. The Borrower shall take all necessary actions promptly to inform concerned parties of such name change.

4. The Borrower shall cause the Enhanced Program to be adequately staffed and funded, and shall maintain such staff and funding for the duration of the Project. By April 15, 1998 the Borrower shall provide to the Association a list of the Enhanced Program staff, such list to summarize the job descriptions of each staff member. The Borrower shall take appropriate measures to maintain continuity of key staff of the Enhanced Program.

## Letters of Undertaking

5. Except as the Association shall otherwise agree, the Letter of Undertaking from each Core Project State shall include, inter alia, the following provisions:

(a) Each Core Project State shall agree that procurement of any goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit under this Agreement shall be governed by the provisions of Schedule 3 to this Agreement.

(b) Each Core Project State shall agree that the Borrower and the Association may from time to time inspect the goods, works and services under the Project including all records and documents relating thereto.

(c) Each Core Project State shall agree to assume and undertake the obligations set forth in the General Conditions, insofar as they are applicable to its activities under the Project (such relevant Sections of the General Conditions are Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively)).

(d) Each Core Project State shall agree to comply and assist the Borrower in complying with the financial covenants prescribed by Article IV of this Agreement.

(e) Each Core Project State shall acknowledge that the Borrower may suspend or terminate its right to use the proceeds of the Credit made available under this Agreement upon its failure to perform any obligations under its Letter of Undertaking or upon notice by the Association that it intends to exercise its remedies under Article V of this Agreement.

(f) Each Core Project State shall agree promptly to inform the Borrower and the Association of any condition which may interfere with the progress of its activities under the Project, the accomplishment of the purposes of the Credit under this Agreement, or the performance of its obligations under its Letter of Undertaking.

## Assurances in Respect of Project States other than the Core Project States

6. Proceeds of the Credit and goods and services purchased under the Project shall be provided to Project States, other than the Core Project States ("Non-Core Project States"), only upon the NMEP Directorate's determination of demonstrable need, such determination to be based on appropriate public health practices. Within 30 days of such proceeds or goods and services having been made available to a Non-Core Project State, the NMEP Directorate shall provide to the Borrower, with a copy to the Association, information in respect of the provision of such proceeds and/or resources under the Project and its statement of confirmation that such proceeds and/or resources shall be used in accordance with the objectives of the Project, and that the Non-Core Project States receiving such proceeds and resources shall follow the procurement, audit and all other applicable provisions stipulated in this Development Credit Agreement.

## Insecticide Use

7. The Borrower shall, and shall cause the Project States to, use insecticides for malaria control in accordance with the Borrower's Revised Insecticide Guidelines, which Guidelines may be revised from time to time with the mutual agreement of the Borrower and the Association.

## Annual Program Development Reviews

8. The Borrower shall carry out Annual Program Development Reviews (APDRs) conducted in accordance with Terms of Reference agreed with the Association. The APDR Committee shall meet not less than annually, and no later than October 31 of each year.

## Medicated Mosquito Nets

9. The Borrower shall select, and shall cause Project States to select, non-governmental organizations, social marketing agencies and specialized agencies and institutes of the Borrower to produce, market and distribute medicated mosquito nets in accordance with the procedures specified in the PIP. In accordance with the PIP, the Borrower shall pursue, where appropriate, recovery of the costs of the medicated mosquito nets distributed under the Project.

#### Guidelines for District Implementation Plans

10. The NMEP Directorate shall take all necessary measures to cause District Implementation Plans developed in accordance with the Guidelines for District Implementation Plans noted in the PIP to be adopted and implemented in all Districts in the Core Project States in accordance with the following schedule: 15 percent of the total number of District Implementation Plans shall be completed and approved by the NMEP Directorate by December 15, 1997; 50 percent by June 30, 1998 and 100 percent by June 30, 1999.

#### Environmental Assessments

11. The NMEP Directorate shall liaise with concerned authorities in respect of major development projects which may have a propensity to create malariogenic conditions, with a view to contain the health hazards of such projects.

#### State Malaria Coordinators and District Malaria Officers

12. The Borrower shall ensure that State Malaria Coordinators for the Core Project States are appointed by December 15, 1997. The Borrower shall take appropriate measures to promote continuity of key staff at the State and District levels, including Malaria Officers trained under the Enhanced Program.

#### Operational Research

13. Operational Research under the Project shall be carried out in accordance with the procedures specified in the PIP. The identification of research topics and the implementation agencies to carry out such research shall be accomplished through a peer-review process. Selection of implementation agencies to carry out such research shall follow principles of transparency and competition. Relevant malaria research which receives international peer-reviewed funding shall be eligible for additional funding from the Borrower.

#### Model By-laws for Urban Malaria Control

14. The Borrower shall use its best efforts to encourage all States to adopt the model by-law for urban malaria control contained in the PIP, with the goal of having such model by-law adopted by at least 15 States by April 30, 2000.

#### NMEP Operational Guidelines

15. By July 31, 1999, the NMEP Directorate shall review and update its existing Operational Guidelines to reflect the strategies and norms of the Enhanced Program.

#### Supply of Information

16. By June 30 of each year, the Borrower shall provide to the Association summary results of the previous annual meeting of its existing inter-ministerial Working Group on DDT Use in Public Health. In addition, the NMEP Directorate shall supply program expenditure data on insecticides, biolarvicides and larvivorous fishes, and the annual budgets and expenditures of the NMEP.

#### National Task Force on Intersectoral Issues in Malaria

17. The Borrower shall ensure that by April 30, 1998 at least two representatives from industry are members of its interministerial National Task Force on Intersectoral Issues in Malaria, and shall further ensure that such Task Force meets at least once a year.

#### Tribal Strategy



18. The Borrower shall, and shall cause each Project State to, implement the Enhanced Program in any tribal areas (as designated by such Project State in accordance with applicable laws) in accordance with the Tribal Strategy noted in the PIP, which Strategy was developed with the participation of the beneficiaries.

#### Monitoring and Evaluation

19. The Borrower shall:

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

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about November 30 of each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by December 15 of each year, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$8,000,000, to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3(a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$5,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 14,000,000.

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

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

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

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the 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. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

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

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b)(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

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

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories 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 Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

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

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for

eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

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

