

CONFORMED COPY

CREDIT NUMBER 2300 IN

(Child Survival and Safe Motherhood Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 20, 1992

CREDIT NUMBER 2300 IN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated February 20, 1992, 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, has requested the Association to assist in the financing of the Project;

(B) the Borrower expects to obtain from the United Nations Children's Fund (UNICEF) a grant (the UNICEF Grant) in an amount equivalent to \$67,800,000 to assist in financing the Project on the terms and conditions set forth in an Agreement (Plan of Operations (1991-1995)) dated May 1991 (the UNICEF Agreement) entered into between the Borrower and UNICEF;

(C) Part 4 of the Project will be carried out by the Borrower individually and Parts 1, 2, 3 and 5 of the Project will be carried out jointly by the Borrower and the Project Entities (as herein defined) with the Borrower's assistance and, as part of such

assistance, the Borrower will make available to the Project Entities a part of the proceeds of the Credit as provided in this Agreement;

(D) the Borrower intends to obtain from each of the Project Entities certain undertakings in respect of the carrying out of their portion of the Project; 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 last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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) "DOHFW" means the Departments/Directorates of Health and Family Welfare of the respective Project Entities and includes any successor or successors thereto;

(b) "Fiscal Year" means the Fiscal Year of the Borrower beginning on April 1 and ending on March 31 of the following calendar year;

(c) "Letter of Undertaking" means the Letter of Undertaking to be obtained by the Borrower from each of the Project Entities pursuant to Section 3.03 of this Agreement;

(d) "MOHFW" means the Ministry of Health and Family Welfare of the Borrower and includes any successor or successors thereto;

(e) "Project Entities" means, as the context may require, any State or Union Territory individually or all States and Union Territories collectively of the Borrower, including any successor or successors thereto, which participate in the Project and from which the Borrower has obtained a Letter of Undertaking; and

(f) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

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 sixty million nine hundred thousand Special Drawing Rights (SDR 160,900,000).

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 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 shall, 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 6 to this Agreement.

Section 2.03. The Closing Date shall be September 30, 1995 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 cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or 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 payment 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 February 15 and August 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each February 15 and August 15 commencing February 15, 2002 and ending August 15, 2026. Each installment to and including the installment payable on August 15, 2011 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 gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, 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 terms of repayment of installments under paragraph (a) above by 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. If so requested by the Borrower, the Association may revise such modification 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.

(c) 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 Part 4 of the Project individually through MOHFW and Parts 1, 2, 3, and 5 of the Project jointly with the Project Entities through their respective DOHFW, all with due diligence and efficiency and in conformity with appropriate health and family welfare practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall cause each Project Entity to perform in accordance with the provisions of the relevant Letter of Undertaking all the obligations of such Project Entity therein set forth, shall take and cause to be taken all actions, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable such Project Entity to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

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

(d) The Borrower shall make such portion of the proceeds of the Credit available to the Project Entities, as may be required by them for purposes of carrying out their portion of the Project, in accordance with the Borrower's standard arrangements for developmental assistance to States or Union Territories, as the case may be.

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. Without limitation upon the provisions of paragraph (c) of Section 3.01 hereof, the Borrower shall ensure that each of the Project Entities shall carry out its portion of the Project in accordance with a Letter of Undertaking satisfactory to the Association, to be obtained by the Borrower from each of the Project Entities and submitted to the Association, including the provisions set forth in Schedule 5 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain and 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 Entities responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have and cause the Project Entities to 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 nine months after the end of each such year, a certified copy of the report of such audits by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish or cause to be furnished to the Association such other information concerning said records, 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:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain or cause to be retained, 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 or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

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 Entity shall have failed to perform any of its obligations under the relevant Letter of Undertaking.

(b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that any Project Entity will be able to perform its obligations under the relevant 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 without the prior approval of the Association.

- (e) (i) Subject to subparagraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of the UNICEF Grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the UNICEF Agreement.
- (ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

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

(a) Any of the events specified in paragraphs (a) and (c) 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; and

(b) The event specified in paragraph (d) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that all conditions precedent to the effectiveness of the UNICEF Agreement have been fulfilled, other than those related to the effectiveness of this Agreement.

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.

Section 6.03. The provisions of Section 5.02 of this Agreement shall cease and determine on the date on which this Agreement shall terminate or on the date 20 years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary 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:

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

Cable address:

Telex:

ECOFAIRS
New Delhi

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 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

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/ Lalit Mansingh

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Joseph Wood

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) Civil works	14,300,000	90%
(2) Equipment, vehicles, medicines, vaccines, vitamins, information, education and communi- cation materials, and maternal and child health medical supplies	97,400,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
(3) Consultants' services and training	16,900,000	90%

(4) Operating Costs	20,600,000	90% of local expenditures until March 31, 1993 and 60% thereafter
(5) Unallocated	11,700,000	
TOTAL	160,900,000	=====

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 "Operating Costs" means the incremental costs for (i) salaries of additional staff, (ii) reporting fees for traditional birth attendants, and (iii) operation and maintenance costs of cold chain equipment and vehicles. The date in Category (4) of the table set forth in paragraph 1 above refers to date of receipt by the Association of Applications for withdrawal from the Credit Account.

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

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed SDR 15,800,000, may be made on account of payments made for expenditures before that date but after November 30, 1990; and

(b) expenditures incurred by each of the Project Entities unless the Borrower has obtained and submitted to the Association a Letter of Undertaking as required hereunder.

4. Notwithstanding the provisions of paragraph 1 above, no withdrawal shall be made and no commitment shall be entered into to pay amounts to, or on the order of, the Borrower in respect of expenditures to be financed under Categories (1), (2), (3) and (4) out of the proceeds of the Credit such that the aggregate of the proceeds of the Credit withdrawn under such Categories from the Credit Account and the total amount of such commitments shall exceed the equivalent of SDR 34,000,000 prior to April 1, 1992, SDR 70,000,000 prior to April 1, 1993, SDR 114,000,000 prior to April 1, 1994, and SDR 160,900,000 prior to April 1, 1995 or such other amount as may be set by the Association by notice to the Borrower, provided, however, that in respect of Category (4) the aggregate of the proceeds of the Credit withdrawn from the Credit Account and the total amount of such commitments shall not exceed the equivalent of SDR 3,000,000 prior to April 1, 1992, SDR 8,000,000 prior to April 1, 1993, SDR 14,000,000 prior to April 1, 1994 and SDR 20,600,000 prior to April 1, 1995, or such other amount in respect of Category (4) as may be set by the Association by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to support the first phase (1991-95) of the Borrower's Maternal and Child Health (MCH) Program with a view to enhancing child survival, reducing maternal mortality and morbidity, and increasing the effectiveness of related service delivery.

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:

1. Sustaining the Borrower's Universal Immunization Program (UIP), at least to the levels attained at the end of the Borrower's Seventh Plan period (1989-1990), and expanding UIP to previously underserved areas and beneficiaries by provision of medicines, vitamins, vaccines, MCH medical supplies, additional staff, immunization cards, operation and maintenance costs of cold chain equipment and vehicles.

2. Strengthening of diarrhoea management and disease control including social marketing of ORS, prevention and treatment of nutritional anemia, deworming, control of acute respiratory infections, Vitamin A prophylaxis and deficiency treatment, newborn care, and promotion of breast feeding (collectively referred to as UIP Plus) by provision of Oral Rehydration Salts (ORS), Anti-microbial Cotrimoxazole, Vitamin A, Iron and Folic Acid (IFA), deworming and other medicines, and additional staff.

3. Supporting Safe Motherhood interventions including strengthening essential obstetric care and capabilities to treat obstetric complications, promoting family life education, birth spacing, timing and post partum counselling at primary and first referral levels to reduce maternal mortality and morbidity by provision of equipment, vehicles, civil works, additional staff, disposable delivery kits, reporting fees for traditional birth attendants, operation and maintenance costs of equipment and vehicles, consultants' services, and training.

4. Undertaking of a program of operational research including studies related to the effective implementation of Safe Motherhood and Child Survival Programs, and the development and reform of management information systems (MIS) by provision of consultants services and equipment.

5. Expansion, strengthening, and upgrading of existing Center/State/District capacity in information, education and communications (IEC), training, supervision, planning, logistics, procurement and maintenance, and by provision of technical assistance, equipment, vehicles, additional staff, training and IEC materials, local fellowships and MCH medical supplies; and supporting community participation programs to involve communities, non-governmental organizations, the private sector and government organizations in the delivery of MCH services.

* * *

The Project is expected to be completed by March 31, 1995.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$200,000 or more.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in India may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Civil works shall be carried out by force account.
2. (a) Except as provided in sub-paragraph (b) hereof, items or groups of items for equipment, IEC materials, medicines, and MCH medical supplies, estimated to cost the equivalent of less than \$200,000 per contract, up to an aggregate amount equivalent to \$69,900,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

(b) Items or groups of items for equipment, IEC materials, medicines and MCH medical supplies, estimated to cost the equivalent of less than \$50,000 per contract, up to an aggregate amount equivalent to \$28,000,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.
3. Items or groups of items for vaccines (except for BCG and measles vaccines) and vitamins may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.
4. Contracts for BCG and measles vaccines and vehicles may be awarded after direct negotiations with suppliers, in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:
 - (a) With respect to each contract awarded under Part A hereof and the first three contracts awarded in each Fiscal Year under Part C.2 (a) hereof estimated to cost the equivalent of \$75,000 or more per contract, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.
2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Implementation Program

1. The Borrower shall, by January 31 of each year, prepare, in consultation with the Association and in accordance with a phased implementation schedule agreed to by the Association, a draft Safe Motherhood Plan. The Safe Motherhood Plan shall be implemented in a timely manner and shall be based on the Safe Motherhood Model Plan prepared by MOHFW acceptable to the Association.

2. The Borrower shall, by January 31 of each year, prepare and submit to the Association for its review, an Annual Plan each regarding implementation of (i) the UIP Program, (ii) the UIP Plus Program, and (iii) the Safe Motherhood Program for the following Fiscal Year of the Borrower. The Borrower shall take into account the comments and suggestions, if any, made by the Association in the implementation of the said programs.

3. (a) The Borrower shall cause the Project Entities to institute district planning including community participation and civil works programs based on MOHFW guidelines acceptable to the Association for purposes of carrying out the activities under the Project.

(b) The Borrower shall ensure that no district is included in the Project unless it has completed a district UIP Plus Plan based on the MOHFW guidelines acceptable to the Association.

4. The Borrower shall, in consultation with the Association, establish, by April 1, 1992, National and Regional Maternity Mortality Review Committees comprising such members and having such functions and powers necessary to monitor, evaluate and assist MOHFW in the implementation of the Safe Motherhood Program.

5. The Borrower shall, by May 1, 1992, institute, on a national basis, distribution of tasks and work routine changes for health workers satisfactory to the Association.

6. The Borrower shall, by April 1, 1993, transfer maintenance of the cold chain system to the Project Entities.

7. The Borrower shall appoint or cause the Project Entities to appoint key additional staff according to a schedule satisfactory to the Association.

8. The Borrower shall: (i) utilize key performance indicators, satisfactory to the Association, for evaluating the progress of the Project; (ii) furnish to the Association annual monitoring reports and an end-of-project summative evaluation report focusing on the impact of the Project; and (iii) take necessary corrective actions as may be required in implementation of the integrated package of services of UIP Plus and Safe Motherhood Programs to achieve Project objectives.

9. The Borrower shall: (i) review the management information systems currently used in its health and family welfare programs in order to assess their conformity with functional guidelines agreed with the Association; and (ii) indicate to the Association, by April 1, 1992, the modifications it will make to its systems to bring these into conformity with such guidelines.

10. (a) The Borrower shall: (i) maintain the levels of planned budgetary allocations for the national Maternal and Child Health Program as agreed to with the Association for Fiscal Years 1991 through 1995; (ii) consult with the Association before proposing any major change to such allocations; and (iii) by November 30 of each year commencing in 1992, furnish to the Association for its review the annual plan budget allocation for such Program for the following Fiscal Year.

(b) The Borrower shall cause the Project Entities to provide the required budgetary support for undertaking civil works under the Project.

11. The Borrower shall maintain its Maternal and Child Health Care Advisory Committee and shall, by May 1, 1992, institute mechanisms, satisfactory to the Association, for purposes of coordinating the activities of the MCH Program and Integrated Child Development Services Program under the Project.

12. The Borrower shall, by May 1, 1992, furnish to the Association for review a phased program of operational research and studies, including proposed implementation arrangements for the studies, to be carried out under Part 4 of the Project.

13. The Borrower shall, by May 31, 1992, enter into an agreement with UNICEF, satisfactory to the Association, for assistance in (i) the procurement of selected equipment and vehicles, and (ii) institution and development of a program to improve the capacity of MOHFW and DOHFW regarding procurement and logistics for other equipment and materials necessary for the effective implementation of the MCH Program.

SCHEDULE 5

Provisions to be Included in Letters of Undertaking

Except as the Association shall otherwise agree, each Letter of Undertaking shall include, inter alia, the following provisions:

1. Each Project Entity shall declare its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and to that end, it shall agree to undertake an identified portion of the Project, with due diligence and efficiency and in conformity with appropriate health and family welfare practices, and to provide, promptly as needed, the funds, facilities, services and other resources required therefor.

2. Each Project Entity shall agree to assume all the obligations applicable or relevant to the Project Entities under this Agreement and to take all actions necessary to undertake its portion of the Project. Each Project Entity shall further agree to specifically carry out its portion of the Project as follows:

a. Each Project Entity shall, for purposes of carrying out activities under its portion of the Project, agree to institute district planning and complete a district UIP Plus Plan including community participation and civil works programs based on MOHFW guidelines acceptable to the Borrower and the Association;

b. Each Project Entity shall, by April 1, 1993, agree to assume maintenance of the cold chain system transferred to it by the Borrower;

c. Each Project Entity shall agree to appoint key additional staff according to a schedule satisfactory to the Borrower and the Association; and

d. Each Project Entity shall agree to provide the required budgetary support for undertaking civil works under the Project.

3. Each Project Entity shall agree that procurement of the 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.

4. Each Project Entity shall agree that the Borrower or the Association may from time to time inspect the goods, works and services under the Project including all records and documents relating thereto.

5. Each Project Entity shall agree to assume and undertake the obligations set forth in 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) of the General Conditions in respect of its Letter of Undertaking and its portion of the Project.

6. Each Project Entity shall agree to assume and undertake to comply or assist the Borrower in complying with the financial covenants prescribed by Article IV of this Agreement.

7. Each Project Entity shall agree 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.

8. Each Project Entity shall agree to promptly inform the Borrower and the Association of any condition which interferes or threatens to interfere with the progress of its portion of the Project, the accomplishment of the purposes of the Credit under this Agreement, or the performance of its obligations under its Letter of Undertaking.

9. Each Project Entity shall agree that it shall, from time to time, at the request of either the Borrower or the Association, (i) exchange views with the Borrower and/or the Association with regard to the progress of carrying out activities under its portion of the Project, its performance under its Letter of Undertaking and other matters relating to the purposes of the Credit under this Agreement, and (ii) furnish all such information related thereto as may reasonably be requested. Each Project Entity shall further agree to provide such information as may be required by the Borrower to fulfill its supervision, monitoring and reporting obligations to the Association. Each Project Entity shall also agree to afford all reasonable opportunity for representatives of the Association to visit any part of its territory for purposes related to the Project.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3) and (4) 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 \$18,000,000 to be withdrawn from the Credit Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

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 a deposit or deposits 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 in 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 their 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; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment 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.

