

CONFORMED COPY

CREDIT NUMBER 2259 BD

(Fourth Population and Health Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 21, 1991

CREDIT NUMBER 2259 BD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 21, 1991, between PEOPLE'S REPUBLIC OF BANGLADESH (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 intends to obtain from the Government of Australia, acting through the Australian International Development Assistance Bureau (Australia) a grant (the Australian Grant) in an amount of A\$12,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the Australian Grant Agreement) to be entered into between the Borrower and Australia;

(C) the Borrower intends to obtain from the Government of Belgium, acting through the Belgian International Cooperation and Development Agency (Belgium) a grant (the Belgian Grant) in an amount of BFr 100,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the Belgian Grant Agreement) to be entered into between the Borrower and Belgium;

(D) the Borrower intends to obtain from the Government of Canada, acting through the Canadian International Development Agency (CIDA) a grant (the CIDA Grant) in an amount of Can\$60,000,000 to assist in financing part of the Project on the terms

and conditions set forth in an agreement (the CIDA Grant Agreement) to be entered into between the Borrower and Canada;

(E) the Borrower intends to obtain from the Commission of the European Economic Communities (EEC) a grant (the EEC Grant) in an amount of ECU 38,750,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the EEC Financing Agreement) to be entered into between the Borrower and EEC;

(F) the Borrower intends to obtain from the Government of the Federal Republic of Germany, acting through the Deutsche Gesellschaft f r Technische Zusammenarbeit (GTZ) and the Kreditanstalt f r Wiederaufbau (KfW), grants (the GTZ Grant and the KfW Grant, respectively) in the respective amounts of DM 22,500,000 and DM 40,000,000, to assist in financing part of the Project on the terms and conditions set forth in agreements (the GTZ Grant Agreement and the KfW Financing Agreement, respectively) to be entered into between the Borrower and the Federal Republic of Germany;

(G) the Borrower intends to obtain from the Japanese Economic Cooperation Bureau (Japan) a grant (the Japanese Grant) in an amount of 1,250,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the Japanese Grant Agreement) to be entered into between the Borrower and Japan;

(H) the Borrower intends to obtain from the Netherlands' Minister for Development Cooperation (the Netherlands) a grant (the Netherlands Grant) in an amount of Dfl 40,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the Netherlands Grant Agreement) to be entered into between the Borrower and the Royal Netherlands Government;

(I) the Borrower intends to obtain from the Government of the Kingdom of Norway, acting through the Norwegian Agency for Development Cooperation (NORAD) a grant (the NORAD Grant) in an amount of NKr 200,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the NORAD Grant Agreement) to be entered into between the Borrower and the Kingdom of Norway;

(J) the Borrower intends to obtain from the Government of the Kingdom of Sweden, acting through the Swedish International Development Authority (Sweden) a grant (the Swedish Grant) in an amount of SKr 85,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the Swedish Grant Agreement) to be entered into between the Borrower and the Kingdom of Sweden;

(K) the Borrower intends to obtain from the United Kingdom of Great Britain and Northern Ireland, acting through the Overseas Development Administration (ODA) a grant (the ODA Grant) in an amount of 12,000,000 to assist in financing part of the Project on the terms and conditions set forth in an agreement (the ODA Grant Agreement) to be entered into between the Borrower and the United Kingdom of Great Britain and Northern Ireland;

(L) Australia and the Association intend to enter into an agreement (the Australian Agreement) making arrangements for the Association to process applications for withdrawal of the proceeds of the financing to be provided severally by Australia and the Association and regulating certain other matters of common interest in connection with such financing;

(M) Belgium and the Association intend to enter into an agreement (the Belgian Agreement) making arrangements for the Association to process applications for withdrawal of the proceeds of the financing to be provided severally by Belgium and the Association and regulating certain other matters of common interest in connection with such financing;

(N) Canada and the Association intend to enter into an agreement (the Canadian Agreement) making arrangements for the Association to process applications for withdrawal of the proceeds of the financing to be provided severally by Canada and the Association and regulating certain other matters of common interest in connection with such financing;

(O) EEC and the Association intend to enter into an agreement (the EEC Agreement) making arrangements for the Association to process applications for withdrawal of the proceeds of the financing to be provided severally by EEC and the Association and regulating certain other matters of common interest in connection with such financing;

(P) the Kingdom of the Netherlands and the Association intend to enter into an agreement (the Netherlands Agreement) making arrangements for the Association to process applications for withdrawal of the proceeds of the financing to be provided severally by Netherlands and the Association and regulating certain other matters of common interest in connection with such financing;

(Q) the Kingdom of Norway and the Association intend to enter into an agreement (the Norwegian Agreement) making arrangements for the Association to process applications for withdrawal of the proceeds of the financing to be provided severally by Norway and the Association and regulating certain other matters of common interest in connection with such financing;

(R) the Kingdom of Sweden and the Association intend to enter into an agreement (the Swedish Agreement) making arrangements for the Association to process applications for withdrawal of the proceeds of the financing to be provided severally by Sweden and the Association and regulating certain other matters of common interest in connection with such financing;

(S) the United Kingdom of Great Britain and Northern Ireland and the Association intend to enter into an agreement (the United Kingdom Agreement) making arrangements for the Association to process applications for withdrawal of the proceeds of the financing to be provided severally by United Kingdom and the Association and regulating certain other matters of common interest in connection with such financing; 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) "Fiscal Year" or "FY" means the Borrower's fiscal year, commencing July 1 and ending June 30;

(b) "eight medical colleges" means the following medical colleges of the Borrower: Dhaka Medical College, Sir Salimullah Medical College, Mymensingh Medical College, Chittagong Medical College, Osmani Medical College (Sylhet), Rangpur Medical College, Rajshahi Medical College and Shere-Bangla Medical College (Barisal);

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

(d) "taka" means the currency of the Borrower.

#### ARTICLE II

##### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to one hundred thirty three million two hundred thousand Special Drawing Rights (SDR 133,200,000).

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 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 convertible taka a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1996, 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 semi-annually on March 15 and September 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 March 15 and September 15 commencing September 15, 2001 and ending March 15, 2031. Each installment to and including the installment payable on March 15, 2011 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's 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 the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, population planning, medical 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 the provisions of paragraph (a) of this Section, and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

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. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms of reference shall be satisfactory to the Association.

## 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 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 nine months after the end of each such year, a certified copy of 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, 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, 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 of the Australian, Belgian, GTZ, Japanese, the Netherlands, Swedish, and United Kingdom Grant Agreements shall have failed to become effective by July 1, 1992, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that 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.

(b) (i) Subject to subparagraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of any 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 thereof.

(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) the event specified in Section 5.01 (a) of this Agreement shall occur, subject to the proviso; and

(b) the event specified in Section 5.01 (b) (i) of this Agreement shall occur, subject to the proviso of Section 5.01 (b) (ii) of this Agreement.

## ARTICLE VI

### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) all conditions precedent to the effectiveness of the CIDA, EEC, KfW, and NORAD Grant Agreements have been fulfilled, other than those related to the effectiveness of this Agreement;

(b) the Project Proformas for carrying out the Project have been approved by the Borrower;

(c) the Mother and Child Health Coordination Cell has been established in accordance with paragraph 22 of Schedule 4 to this Agreement; and

(d) the transportation arrangements referred to in paragraph 6 of Schedule 4 to this Agreement has been established.

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

## ARTICLE VII

### Representatives of the Borrower; Addresses

Section 7.01. The Secretary or the Additional Secretary or any Joint Secretary,



(2)	Equipment (including furniture) and vehicles	19,090,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 65% of local expenditures for other items procured locally
(3)	Medical and biological supplies	20,270,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 65% of local expenditures for other items procured locally
(4)	Consultants' services	16,200,000	100%
(5)	Training and fellowships	12,590,000	100%
(6)	Incremental salaries and allowances	4,520,000	25% in FY92, 20% in FY93, 15% in FY94, 10% in FY95 and 5% in FY96
(7)	Incremental operating costs	8,440,000	30%
(8)	Unallocated	9,780,000	
	TOTAL	133,200,000	

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;

(c) the term "incremental salaries and allowances" means salaries and allowances of new female health and family planning workers employed under the Project; and

(d) the term "incremental operating costs" excludes compensation payments to clients.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in (i) reducing fertility, (ii) lowering morbidity and mortality in children under five years of age, (iii) improving maternal care and reducing maternal mortality, (iv) reducing disability, morbidity and mortality due to poverty related diseases such as tuberculosis, leprosy and goiter, (v) enhancing the nutritional status of women and children, and (vi) improving the effectiveness and efficiency of family planning, maternal and child health and other health services.



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:

Part A: Strengthening Family Planning and Mother and Child Health Service Delivery

1. Improving Access to Family Planning and Mother and Child Health Services
  - (a) Strengthening outreach services by recruitment, filling of vacancies, and training of female health and family planning workers.
  - (b) Strengthening of selected Family Welfare Centers by recruitment and training of about 2,000 family welfare visitors.
  - (c) Strengthening of the supervisory capacity of the Borrower's Family Planning Directorate, including recruitment of family planning officers.
  - (d) Acquisition of contraceptives and other family planning supplies, medical and surgical equipment, drugs and other related equipment, and vehicles; financing of salaries and allowances; and provision of technical assistance.
2. Strengthening Mother and Child Health Services
  - (a) Strengthening satellite clinics including training and supervision of staff of Family Welfare Centers and Upazila Health Complexes.
  - (b) Acquisition of essential drugs and of drug and dietary supplement kits, mother and child health kits, and midwifery kits for clinics including satellite clinics, family welfare centers, maternal and child welfare centers, and mother and child health units; financing of salaries and allowances; and acquisition of equipment, other supplies, and vehicles.
3. Enhancing Clinical Service Delivery, and Family Planning and Mother and Child Health Quality Assurance
  - (a) Strengthening of family planning and mother and child health services by improvement of the Family Planning Clinical Surveillance Teams.
  - (b) Provision of family planning clinical services at institutional facilities and through outreach programs.
  - (c) Strengthening of the Mohamedpur Fertility Services and Training Center, including construction of facilities and training of staff.
  - (d) Introduction of laparoscopic techniques, implant programs, non-scalpel vasectomies, and other contraceptive technologies, after evaluation, at government and non-government clinics, including training of relevant staff, and financing of information, education and communication activities.
  - (e) Acquisition of intrauterine device kits, drugs, equipment, spare parts, supplies, and vehicles; financing of salaries and allowances; and provision of technical assistance.
4. In-service Training of Upazila and District Staff in Family Planning and Mother and Child Health
  - (a) Strengthening of the National Institute of Population Research and Training, including recruitment and training of staff, and construction of facilities.
  - (b) Training of family planning and health staff and of traditional birth attendants.
  - (c) Acquisition of equipment, supplies, and vehicles; financing of salaries and allowances; and provision of technical assistance.
5. Construction and Renovation of Family Planning and Mother and Child Health Facilities
  - (a) Construction of about 100 family welfare centers, upgrading of about 500 rural dispensaries, and maintenance of such facilities.

(b) Renovation and upgrading of the Maternal and Child Health Training Institutes at Azimpur and Lalkuti.

(c) Strengthening of the Procurement Cell at the Borrower's Family Planning Directorate and of the Logistics Management Information System, including recruitment and training of staff, and construction of additional storage for family planning and medical supplies.

(d) Acquisition of equipment, supplies and vehicles; financing of salaries and allowances; and provision of technical assistance.

6. Private Sector Contraceptives Marketing

Acquisition of condoms for social marketing distribution through the Social Marketing Company of Bangladesh and other suitable organizations.

Part B: Strengthening Health Service Delivery

1. Comprehensive Maternal and Neonatal Health Care Pilot Project

(a) Establishment of a comprehensive maternal and neonatal health care service in four selected Districts, one from each Division, including training of health personnel, carrying out of operational research, evaluation of measures taken under this Part of the Project, and production of information, education and communication materials.

(b) Acquisition of drugs, equipment, supplies and vehicles; financing of salaries and allowances; and provision of technical assistance.

2. Strengthening Nursing and Medical Education

(a) Construction and rehabilitation of facilities at the College of Nursing, nursing institutes, continuing education centers, and rural health care training centers; curriculum development and acquisition of library teaching materials.

(b) Upgrading and rehabilitation of the Mymensingh, Rajshahi, Salimullah and Sylhet medical college hospitals, including creation of mother and child welfare outpatient rooms and children's wards with about twenty beds each, acquisition of essential mother and child health equipment, and recruitment of staff.

(c) Renovation of facilities at the Borrower's eight medical colleges, and construction of hostel facilities with about 50 units each for female students at the Barisal, Chittagong, Mymensingh, Salimullah and Sylhet medical colleges.

(d) Strengthening of the Borrower's eight medical colleges' departments of obstetrics and pediatrics and their model clinics, including development of preventive mother and child health services and training, acquisition of obstetric equipment and supplies, and related journals and books, and provision of language training and study tours.

(e) Strengthening of the departments of community medicine in the Borrower's eight medical colleges, including training of teachers, renovation of field training sites, construction of a field training site for the Sher-e-Bangla Medical College, and provision of study tours and fellowships for staff.

(f) Strengthening of the capacity of the Center for Medical Education to produce teaching materials and prepare teacher training manuals.

(g) Establishment of a quality assurance system for medical care and of a resource center at the Center for Medical Education and at about fourteen health institutions at the field level, including development of manuals and training of medical professionals.

(h) Establishment of a pilot community-oriented medical education program at a medical college other than at the Dhaka or Chittagong medical colleges, including training of health teams.

(i) Establishment of an Institute for Mother and Child Health with clinical facilities in a semi-rural area, including construction of facilities, acquisition of maternal and pediatric care equipment, mother and child health supplies and training supplies, and training of health and family planning personnel.

(j) Strengthening the National Institute of Preventive and Social Medicine, including construction and renovation of facilities, upgrading of the library, financing of health service research, and recruitment of staff.

(k) Carrying out, at the National Institute of Preventive and Social Medicine, of a special project on the rational use of drugs, including acquisition of drug management materials, and recruitment of staff.

(l) Acquisition of drugs, equipment, supplies and vehicles; financing of salaries and allowances; and provision of technical assistance.

### 3. Supporting Medical Research

Provision of research grants to the departments of obstetrics, pediatrics and community medicine at the Borrower's eight medical colleges; training abroad of researchers; acquisition of equipment, supplies and vehicles; financing of salaries and allowances; and provision of technical assistance.

### 4. Strengthening Disease Prevention and Control

(a) Reorganization and intensification of the tuberculosis and the leprosy control programs, including carrying out of baseline surveys, training of staff, improvement of diagnostic and management facilities, and construction of rehabilitation facilities, particularly for leprosy.

(b) Strengthening the Expanded Program of Immunization, including recruitment and training of staff, replacement and maintenance of cold-chain equipment, acquisition of vaccines, and upgrading of the headquarters of the Program.

(c) Strengthening the program for control of diarrhoeal disease, including establishment of additional district diarrhoeal disease centers and oral rehydration treatment corners, and technical and management training of facilitators. Strengthening of epidemiological surveillance.

(d) Expansion of an anti-blindness program, including provision of vitamin A to children and lactating mothers.

(e) Strengthening of the iodine deficiency disorders control program, including provision of iodine injections.

(f) Acquisition of equipment for iodization at salt crushing units.

(g) Treatment of acute respiratory infections in children, training of health workers, and dissemination of information, education and motivation.

(h) Strengthening of the Program for Control of Vector Borne Diseases, including recruitment and training of staff, fellowships, provision of a mobile laboratory, and carrying out of basic and applied research.

(i) Strengthening the program for intestinal parasite control, including recruitment of staff, promotion of waterseal latrines, and dissemination of health education.

(j) Strengthening of the Institute of Public Health, including upgrading of facilities, recruitment of staff, and acquisition of blood bags, nutritional fluid bags, and diagnostic reagents.

(k) Strengthening the Drug Testing Laboratory, including construction of facilities.

(l) Acquisition of drugs, equipment, supplies, and vehicles; financing of salaries and allowances; provision of technical assistance; and provision of study tours for program staff.

### 5. Urban Primary Health Care

Development of primary health care, including construction and renovation of primary health care centers, recruitment of female outreach workers, acquisition of essential drugs, supplies, equipment and vehicles, provision of training and fellowships for staff, financing of salaries and allowances, and provision of technical assistance.

6. School Health Programs

Development and expansion of the school health programs, including construction and renovation of school health clinics, health education, control of communicable diseases, acquisition of equipment and vehicles, financing of salaries and allowances, and provision of technical assistance.

7. Renovation and Functional Improvement of Health Facilities

(a) Upgrading of about sixteen district hospitals and about three Upazila health centers, including construction of facilities, acquisition of equipment, furniture, medical and surgical supplies, and recruitment of staff.

(b) Establishment of about ten Upazila health complexes including construction of facilities, and acquisition of equipment and furniture.

8. Improving the Utilization of Health and Family Welfare Facilities at Upazila Level and Below

Strengthening the efficiency and effectiveness of the health and family welfare services in about 50 selected Upazilas, including:

(a) Task- and service-oriented training of the staff of Upazila health complexes, family welfare centers and rural dispensaries;

(b) Repair and maintenance of buildings, furniture and equipment; operation and maintenance of vehicles; acquisition of required medical and laboratory equipment, drugs, supplies, furniture, and vehicles;

(c) Upgrading of laboratories, and provision of residential accommodations at about 50 Upazila health complexes; and

(d) Financing of salaries and allowances, and provision of technical assistance.

Part C: Supporting Activities to the Family Planning, Mother and Child Health and Health Service Delivery System

1. Strengthening Information Systems

(a) Strengthening of the family planning and mother and child health management information system, including carrying out of a needs assessment, system design, and provision of training. Improvement of the Logistics Management Information System.

(b) Strengthening of the Health Information Unit's management information system, including carrying out of a needs assessment, system design, and recruitment and training of staff.

(c) Carrying out of a health and demographic survey, including data disaggregated by gender on maternal and child health, morbidity, mortality, immunization coverage, health services utilization, health behavior, and socio-economic and demographic characteristics.

(d) Strengthening the capacity of the Institute of Epidemiology, Disease Control and Research to carry out epidemiological surveillance, including construction and renovation of facilities, establishment of a biostatistics unit, and recruitment and training of staff.

(e) Acquisition of equipment, supplies and vehicles; financing of salaries and allowances, and provision of technical assistance.

2. Improving Family Planning and Health Organization, Management and Financing

(a) Provision of support for the Management Development Unit, with an extended role to include primary health care management and to assist in the strengthening of management at all levels.

(b) Carrying out of a study relating to the reorganization of the Borrower's health and family welfare program.

(c) Carrying out of a reorganization of the Borrower's health and family welfare program taking into account the recommendations of the study referred to in paragraph (b) above.

(d) Carrying out of a review of the adequacy and appropriateness of human resources in the health and family planning sector and preparation of a human resources development plan.

(e) Improvement of the performance of the Population Development and Evaluation Unit.

(f) Establishment of a Mother and Child Health Coordination Cell in the Ministry of Health and Family Welfare.

(g) Establishment of a Health Economics and Financing Pilot Project in the Ministry of Health and Family Welfare.

(h) Reorganization of the Project Finance Cell to include monitoring of health sector projects in addition to population projects.

(i) Construction of a building at Mohakhali to jointly house the Directorates in the Borrower's Ministry of Health and Family Welfare.

(j) Reorganization of the Construction Management Cell and the Building Planning and Design Unit into a unified Construction and Maintenance Management Unit within the Ministry of Health and Family Welfare.

(k) Acquisition of equipment, supplies and vehicles; financing of salaries and allowances; and provision of technical assistance.

### 3. Expanding Communications Programs

(a) Functional integration of the Information, Education and Motivation Unit and the Health Education Bureau, including an integrated information, education and motivation strategy and a common work plan to handle audience research, message development, training, publication of newsletters, and production of educational materials and films.

(b) Strengthening of the Radio Bangladesh programs for family planning, mother and child health and primary health care, including training and upgrading of the production facilities. Financing of production of programs for the Bangladesh TV's Population and Health Cell.

(c) Provision of training for staff and members of community volunteer programs.

(d) Acquisition of equipment, supplies, and vehicles; financing of salaries and allowances; and provision of technical assistance.

### 4. Supporting Non-Government Organizations

Financing of activities of non-government organizations participating in the population and health sectors, including acquisition of equipment, supplies, drugs, and vehicles, financing of salaries and allowances, and provision of technical assistance.

### 5. Developing Innovative Projects

Development and testing of projects aimed at improving the effectiveness and efficiency of family planning and health programs, including acquisition of equipment, supplies, drugs, and vehicles, and provision of technical assistance.

### 6. Supporting Technical Assistance Projects

(a) Training of health personnel in operational management and technical skills, preparation of training materials, and development of monitoring and coordination mechanisms for training activities.

(b) Preparation of a human resources development plan for the health and family planning sector.

(c) Development of a health and family planning quality assurance mechanism,

including health outcome measures.

(d) Control and prevention of sexually transmitted diseases including surveillance, diagnosis, training, and increasing public awareness.

(e) Establishment of a strategy for control and prevention of cancer, including surveillance systems and health prevention activities.

(f) Carrying out a feasibility study for the establishment of a pharmaceutical production unit at Khulna.

(g) Carrying out of a feasibility study for the establishment of a condom manufacturing plant.

(h) Acquisition of drugs, equipment, supplies, and vehicles.

Part D: Women's and Nutrition Programs

1. Women's Programs

Strengthening the Mother's Centers, Women's Cooperatives, and Women's Vocational Training programs as to income generation impact and awareness-raising training, and extension of such programs to additional Upazilas; acquisition of drugs, equipment, supplies and vehicles; financing of salaries and allowances; and provision of technical assistance.

2. Coordinated Nutrition Program of the National Nutrition Council

Strengthening of the National Nutrition Council, including recruitment and training of staff, acquisition of equipment, vehicles and publications, carrying out of seminars and nutrition intervention programs, financing of salaries and allowances, and provision of technical assistance.

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The Project is expected to be completed by June 30, 1996.

### 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, equipment, vehicles, and medical and biological supplies 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 equipment, vehicles, and medical and biological supplies 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 Bangladesh 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 and furniture may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Equipment, vehicles, and medical and biological supplies estimated to cost less than \$200,000 per contract, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

3. Urgently needed items, including essential drugs and medical supplies, estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$500,000, 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.

4. Essential drugs and drug and dietary supplement kits may be procured through the United Nations Children's Fund, in accordance with procedures acceptable to the Association.

5. Contraceptive supplies may be procured through the United Nations Population Fund, 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 the first contract for civil works, equipment, furniture, and medical and biological supplies to be awarded on the basis of competitive bidding, advertised locally, and each contract estimated to cost the equivalent of \$200,000 or more, 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. In carrying out the Project, the Borrower shall:

(a) not later than September 30, 1992, establish an annual Project review system, including a review of annual sectoral budgets for the population and health subsectors, acceptable to the Association; and

(b) not later than October 31 in each year, commencing not later than October 31, 1992, carry out a review of the Project, in consultation with the Association, and, thereafter, take all actions required as a result of such review.

2. In carrying out the Project, the Borrower shall continue the implementation of the measures referred to in paragraph 12 (c) of Schedule 4 to the Development Credit Agreement, dated February 14, 1986, for the Third Population and Family Health Project (Credit Number 1649-BD), subject to periodic reviews in consultation with the

Association.

3. In carrying out Part A.1 (a) of the Project, the Borrower shall:

(a) not later than January 1, 1995, employ qualified women to fill at least 4,500 of the 5,000 vacant health assistant positions in its outreach services; and

(b) not later than March 31, 1992, prepare and furnish to the Association for comments, a plan on the recruitment of health assistants, including an appropriate proportion of male and female staff, and, thereafter, carry out such plan taking into account the comments of the Association.

4. In carrying out Part A.1 (d) of the Project, the Borrower shall, not later than December 31, 1994, carry out a fertility survey in accordance with terms of reference acceptable to the Association, and, thereafter, furnish the results of the survey to the Association for comments.

5. In carrying out Part A.1 (d) of the Project, the Borrower shall, every two years, commencing not later than March 31, 1993, carry out a contraceptive prevalence survey in accordance with terms of reference acceptable to the Association, and, thereafter, furnish the results of the survey to the Association for comments.

6. In carrying out Part A.2 (a) of the Project, the Borrower shall establish transportation arrangements, satisfactory to the Association, for family planning and health field workers attending satellite clinics.

7. In carrying out Part A.5 (a) of the Project, the Borrower shall:

(a) not later than September 30, 1992, carry out a survey of the physical condition of and the utilization of the existing facilities for family planning and mother and child health services, and, thereafter, furnish the results of the survey to the Association for comments; and

(b) furnish to the Association the selection criteria for the sites for the construction of family welfare centers, satisfactory to the Association; and thereafter, furnish the list of sites to the Association, and construct such centers in accordance with the standard design agreed with the Association.

8. In carrying out Part A.5 (c) of the Project, the Borrower shall, not later than December 31, 1992, carry out a feasibility study to identify the storage requirements for family planning and health stores, and furnish the results of the study to the Association for comments.

9. In carrying out Part B.1 of the Project, the Borrower shall, not later than March 31, 1992, initiate a comprehensive baseline survey of maternal and neonatal health care in such Districts, and furnish the results of the survey to the Association for comments.

10. In carrying out Part B.2 (a) of the Project, the Borrower shall, not later than September 30, 1992, create additional nurse positions in Nursing Institutes and Upazila Health Complexes in accordance with a schedule agreed with the Association.

11. In carrying out Part B.2 (i) of the Project, the Borrower shall furnish to the Association for clearance the final design of the Institute.

12. In carrying out Part B.3 of the Project, the Borrower shall require recipients of research grants and recipients of Project financed training to agree to remain in the relevant Institution or in the relevant area of expertise for at least two years after completion of the training or research.

13. In carrying out Part B.4 (a) of the Project, the Borrower shall, not later than September 30, 1992, carry out baseline surveys of tuberculosis and leprosy in accordance with terms of reference acceptable to the Association, and furnish the results to the Association for comments.

14. In carrying out Part B.5 of the Project, the Borrower shall, not later than July 31, 1992, assign the responsibility for urban primary health care to either the national or the local government and, thereafter, promptly inform the Association of its decision.

15. In carrying out Part B.6 of the Project, the Borrower shall, not later than



March 31, 1993, prepare and furnish to the Association for comments a master plan for school health programs, and, thereafter, carry out such programs taking into account the comments of the Association.

16. In carrying out Part B.7 of the Project, the Borrower shall, not later than April 30, 1992:

(a) prepare and furnish to the Association for comments, the architectural plans for the new Upazila Health Complexes, such plans to include indication of the selected sites, allocation of at least 70% of the beds for women and children, and a comprehensive maintenance plan; and

(b) carry out a plan in the District Hospitals for the allocation of at least 70% of the beds for women and children.

17. In carrying out Part B.8 of the Project, the Borrower shall, not later than June 30, 1994, carry out an in-depth review of the outcome of the special program to address capacity utilization at the Upazila Health Complexes and Family Welfare Centers, prepare an action plan for the expansion of the program to the remaining Upazilas, and furnish the review and the action plan to the Association for comments. Thereafter, the Borrower shall carry out the action plan taking into account the comments of the Association.

18. In carrying out Part C.1 (a) and (b) of the Project, the Borrower shall, not later than July 31, 1994, carry out the needs assessment and the system design, and furnish the results to the Association for comments.

19. In carrying out Part C.1 (c) of the Project, the Borrower shall, not later than December 31, 1994, carry out a health and demographic survey in accordance with terms of reference acceptable to the Association, and furnish the results of the survey to the Association for comments.

20. In carrying out Part C.2 (b) of the Project, the Borrower shall, not later than August 31, 1993, carry out a study relating to the reorganization of the Borrower's Health and Family Welfare Program, in accordance with terms of reference acceptable to the Association; furnish the recommendations of the study to the Association for comments; and, thereafter, prepare and carry out an action plan taking into account the comments of the Association on the recommendations.

21. In carrying out Part C.2 (d) of the Project, the Borrower shall, not later than March 31, 1994, prepare a human resources development plan for the strengthening of the capacity for human resources development planning, including provision for representation of women at all levels of the family planning and health system; furnish the plan to the Association for comments; and, thereafter, carry out the plan taking into account the comments of the Association.

22. In carrying out Part C.2 (f) of the Project, the Borrower shall establish, and thereafter maintain, a Mother and Child Health Coordination Cell, in accordance with terms of reference acceptable to the Association, and with competent staff in adequate numbers.

23. In carrying out Part C.2 (g) of the Project, the Borrower shall:

(a) not later than August 31, 1992, establish, and thereafter maintain, a Health Economics and Finance Pilot Project in the Ministry of Health and Family Welfare, with competent staff in adequate numbers, and with terms of reference and a work plan acceptable to the Association;

(b) take all actions required to strengthen the Ministry of Health and Family Welfare taking into account the policy-related financial and economic analyses to be carried out by such a Pilot Project; and

(c) not later than September 30, 1993, furnish to the Association for comments a plan, prepared by the Health Economics and Finance Pilot Project, for addressing the long-term sustainability of the Borrower's health and family welfare program, including, among others: (i) proposals for achieving an acceptable balance between the Ministry of Health and Family Welfare's revenue and development budgets; (ii) proposals for transfer of specific items of expenditure from the development budget to the revenue budget or the local governments budget; and (iii) proposals on cost-sharing mechanisms and improved cost-effectiveness in the health care system; and, thereafter, carry out such plan taking into account the comments of the Association.

24. The Borrower shall, for purposes of Part C.2 (h) of the Project, maintain the Project Finance Cell with competent staff in adequate numbers until the completion of the Project.

25. The Borrower shall carry out Part C.2 (j) of the Project not later than June 30, 1992, and shall ensure that the Unit has the required administrative and financial authority to carry out its construction and maintenance responsibilities.

26. In carrying out Part C.3 (a) of the Project, the Borrower shall:

(a) not later than August 31, 1992, furnish to the Association a proposed strategy and work plan for the functional integration of the Information, Education and Motivation Unit and the Health Education Bureau, acceptable to the Association, such strategy to include indicators related to gender awareness; and

(b) not later than December 31, 1992, put into effect such functional integration.

27. In carrying out Part C.3 (c) of the Project, the Borrower shall:

(a) not later than June 30, 1993, carry out an evaluation of the community volunteer programs and furnish the results to the Association for comments; and

(b) not later than December 31, 1992, take all actions required to ensure that community volunteer programs, the Mother's Centers, Women's Cooperatives and Women's Vocational Training programs receive contraceptives on a priority basis.

28. In carrying out Part D.1 of the Project, the Borrower shall:

(a) not later than September 30, 1992, carry out an in-depth review of the three women's programs, prepare an action plan for the strengthening of such programs, and furnish the results of the review and the action plan to the Association for comments; and

(b) thereafter, promptly carry out such action plan taking into account the comments of the Association.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (7) 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 in convertible taka equivalent to \$12,000,000 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 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; 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; (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.



