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**CREDIT NUMBER 3952 IN**

# **Development Credit Agreement**

**(Integrated Disease Surveillance Project)**

**between**

**INDIA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated September 23, 2004**

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**CREDIT NUMBER 3952 IN**

**DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated September 23, 2004, between INDIA, acting by its President (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) 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) certain activities under the Project will be carried out by the States and Union Territories of the Borrower (hereinafter referred to as the Project States) with the Borrower's assistance, and as part of such assistance, the Borrower will make available to each of the Project States part of the proceeds of the Credit as provided in this Agreement; and

(C) 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 (as amended through October 6, 1999) (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) "CBO" means a community-based organization determined by the Borrower and the Association as capable of assisting in the fulfillment of the objectives of the Project;

(b) "CSU" means the Central Surveillance Unit referred to in paragraph 2 of Schedule 4 to this Agreement;

(c) "District" means an administrative district within a Project State;

(d) “DSU” means a District Surveillance Unit referred to in paragraph 5 of Schedule 4 to this Agreement;

(e) “Eligible Categories” means Categories (1), (2), (3) and (4) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(f) “Eligible Expenditures” means the expenditures for goods, works and services referred to in Section 2.02 of this Agreement;

(g) “Environmental Management Plan” means the Environmental Management Plan furnished to the Association in May, 2003, which identifies the main environmental and public health impacts of the Project and actions to be taken, including an outline Standard Operating Procedure for good practice management and mitigation measures to reduce the risks and impacts, as the said Environmental Management Plan may be amended from time to time by agreement between the Borrower and the Association;

(h) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(i) “Fiscal Year” or “FY” means the Borrower’s fiscal year, beginning on April 1 of a calendar year and ending on March 31 of the following calendar year;

(j) “IEC” means information, education and communication;

(k) “Plans” means the Project Implementation Plan, the Environmental Management Plan and the Tribal Development Plan;

(l) “Memorandum of Understanding” means the memorandum of understanding to be executed between the Borrower and each of the Project States pursuant to Section 3.01 (c) of this Agreement;

(m) “Mid-term Review” means the Mid-term Review to be carried out pursuant to paragraph 10 of Schedule 4 to this Agreement;

(n) “MIS” means management information system;

(o) “MOHFW” means the Borrower’s Ministry of Health and Family Welfare;

(p) “NGO” means a non-profit legal entity, determined by the Borrower and the Association as capable of assisting in the fulfillment of the objectives of the Project;

(q) “Project Executing Agencies” means MOHFW, the Project States, Project Societies, CSU, SSU (as hereinafter defined) and DSU;

(r) “Project Implementation Plan” means the Project Implementation Plan of the Borrower dated May 14, 2004, which sets out details of all procedures, guidelines, timetables and criteria required for the Project, including the financial, institutional and implementation arrangements relating to the carrying out of the Project, as the same may be amended from time to time by agreement between the Borrower and the Association;

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

(t) “Special Account” means the account referred to in Part B of Schedule 1 to this Agreement;

(u) “SSU” means a State Surveillance Unit referred to in paragraph 4 of Schedule 4 to this Agreement;

(v) “State Society” means a Society established and registered within a Project State under the relevant laws of the Borrower or the Project State and which is assigned financial management and implementation functions with respect to the participation of the Project State in the Project; and

(w) “Tribal Development Plan” means the Tribal Development Plan furnished to the Association in April, 2003, which is designed to: (i) increase outreach to the tribal areas; (ii) provide culturally compatible IEC for the promotion of health education and case definitions of diseases in the tribal areas; (iii) train volunteers in tribal communities; and (iv) utilize tribal youth as community mobilizers and communicators, as the said Tribal Development Plan may be amended from time to time by agreement between the Borrower and the Association.

## **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 forty six million nine hundred thousand Special Drawing Rights (SDR 46,900,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Credit.

Section 2.03. The Closing Date shall be March 31, 2010 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

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

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

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

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

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each January 1 and July 1 commencing January 1, 2015 and ending July 1, 2039. Each installment to and including the installment payable on July 1, 2024 shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

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

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

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

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project, through the Project Executing Agencies, with due diligence and efficiency and in conformity with appropriate administrative, financial, public health and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

(c) Without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall cause each of the Project States to: (i) execute a Memorandum of Understanding, in form and substance satisfactory to the Association; and (ii) carry out its respective activities under the Project in accordance with its Memorandum of Understanding.

(d) Without limitation or restriction upon any of its obligations under the Development Credit Agreement, the Borrower shall take all actions, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable each Project State to perform all the obligations of the Project State set forth in this Agreement and in the respective Memorandum of Understanding of the Project State. The Borrower shall not take or permit to be taken any action which would prevent or interfere with such performance.

(e) The Borrower shall establish and implement arrangements, satisfactory to the Association, to make available for the benefit of each Project State a portion of the proceeds of the Credit required by the Project State to carry out its portion of the Project.

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

Section 3.03. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Borrower shall:

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

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

Section 3.04. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project shall be carried out by each Project State pursuant to the terms of its respective Memorandum of Understanding.

#### **ARTICLE IV**

##### **Financial Covenants**

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect in accordance with sound accounting practices, the operations, resources and expenditures related to the Project, of the departments or agencies of the Borrower and each Project State, including those of the State Societies responsible for carrying out the Project or any part thereof.

(b) The Borrower shall, and shall cause each Project State including its State Society to:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each Fiscal Year audited, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were Report-based Disbursements or 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 separate accounts reflecting such expenditures;
- (ii) retain or cause to be retained, until at least one (1) year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit 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 or reports referred to in Part A.5 of Schedule 1 to this Agreement, as the case may be, 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.

Section 4.02. (a) Without limitation upon the Borrower's progress reporting obligations as set out in paragraph 9 of Schedule 4 to this Agreement, the Borrower shall prepare and furnish to the Association a financial monitoring report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and

explains variances between the actual and planned Project implementation; and

- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first Financial Monitoring Report, to be furnished by the Borrower after the date of this Agreement, shall be furnished to the Association not later than forty five (45) days after the end of the next Fiscal Year semester after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such Fiscal Year semester; thereafter, each Financial Monitoring Report shall be furnished to the Association not later than forty five (45) days after each subsequent Fiscal Year semester, and shall cover the period not covered by the previous Financial Monitoring Report until the end of such Fiscal Year semester.

## **ARTICLE V**

### **Remedies of the Association**

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

(a) the Borrower shall have failed to enforce any of the provisions of any Memorandum of Understandings;

(b) any Project State shall have failed to perform any of its obligations under its respective Memorandum of Understanding;

(c) any Memorandum of Understanding shall have been amended, suspended, abrogated, repealed or waived so as to affect adversely the Project; and

(d) 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 State will be able to perform its obligations under its Memorandum of Understanding.

Section 5.02. Pursuant to Section 7.01(h) of the General Conditions, the following additional event is specified, namely, that any of the events specified in paragraphs (a), (b) and (c) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower.

**ARTICLE VI**

**Termination**

Section 6.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

**ARTICLE VII**

**Representative of the Borrower; Addresses**

Section 7.01. The Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance or successor thereto of the Borrower is each designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Secretary to the Government of India  
Department of Economic Affairs  
Ministry of Finance  
New Delhi 110 001  
India

Cable address:	Telex:	Facsimile:
ECOFAIRS New Delhi	953-31-66175 FINE IN	91-11-23094075

For the Association:

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

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

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

INDIA

By

/s/ Ranjit Bannerji  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Michael F. Carter  
Country Director, India

**SCHEDULE 1**

**Withdrawal of the Proceeds of the Credit**

A. General

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

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Works	2,760,000	90%
(2) Goods	21,240,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
(3) (a) Consultants' services including IEC, MIS and studies (other than services provided by tax-exempt providers)	4,050,000	90%
(b) Consultants' services including IEC, MIS and studies provided by tax-exempt providers, training and workshops	5,020,000	100%

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(4) Incremental Operating Costs		
(a) For the Borrower and Project States executing Memorandum of Understanding in Fiscal Year 2004- 2005	3,600,000	80% until September 30, 2006; 70% from October 1, 2006 to September 30, 2007; 60% from October 1, 2007 to September 30, 2008 and 50% thereafter
(b) For Project States executing Memorandum of Understanding in Fiscal Year 2005- 2006	3,080,000	80% until September 30, 2007; 70% from October 1, 2007 to September 30, 2008; 60% thereafter
(c) For Project States executing Memorandum of Understanding in Fiscal Year 2006- 2007	2,450,000	80% until September 30, 2008; 70% thereafter
(5) Unallocated	4,700,000	
TOTAL	<u>46,900,000</u>	

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 “tax-exempt providers” means NGOs, CBOs, training providers and other educational and research institutions, which are tax exempt under the laws of the Borrower; and

(d) the term “Incremental Operating Costs” means the following additional costs incurred in the carrying out of the Project: (i) remuneration of individuals appointed under the Project and assigned to positions specifically created for purposes of the Project; and (ii) the costs of (A) office expenses under the Project, (B) operation, hiring and maintenance of vehicles, (C) operation and maintenance of equipment purchased under the Project, (D) operation and maintenance of facilities constructed under the Project, (E) data collection for purposes of the Project, and (F) Project related domestic travel including allowances.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals 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 exceeding the equivalent of SDR 1,380,000 may be made on account of payments made for expenditures before that date but after August 30, 2003; and

(b) expenditures incurred by any Project State unless a Memorandum of Understanding, satisfactory to the Association has been executed.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for: (i) expenditures for civil works under contracts costing less than \$500,000 equivalent each; (ii) expenditures for goods under contracts costing less than \$500,000 equivalent each; (iii) expenditures for services under contracts costing less than: (A) \$100,000 equivalent each in the case of consulting firms, and (B) \$50,000 equivalent each in the case of individual consultants; and (iv) Incremental Operating Costs, training, workshops and studies, all under such terms and conditions as the Association shall specify by notice to the Borrower.

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

B. Special Account

1. The Borrower may open and maintain in Dollars a special deposit account in the Reserve Bank of India, on terms and conditions satisfactory to the Association. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into the Special Account shall be made as follows:

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

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

2. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. 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.

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

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

(b) if the Association determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Borrower directly from the Credit Account; or

(c) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of the Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of: (i) the records and accounts for the Special Account; or (ii) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.



4. The Association shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

5. (a) If the Association determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

(d) Refunds to the Association made pursuant to subparagraph (a), (b) or (c) of this paragraph 5 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

**Annex A  
to  
SCHEDULE 1**

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

1. For the purposes of this Annex, the term “Authorized Allocation” means an amount equivalent to \$13,600,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$6,800,000 until the aggregate amount of withdrawals from the Credit Account, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal or exceed the equivalent of SDR 15,000,000.
2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:
  - (a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested.
  - (b) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposit into the Special Account at such intervals as the Association shall specify. Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to Part B.2 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.
3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit shall follow such procedures as the

Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

**Annex B  
to  
SCHEDULE 1**

**Operation of Special Account  
When Withdrawals Are  
Report-based Disbursements**

1. Withdrawals from the Credit Account shall be deposited by the Association into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.
2. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.
3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

## **SCHEDULE 2**

### **Description of the Project**

The objective of the Project is to improve the information available to the Borrower's health services and private health care providers on a set of high priority diseases and risk factors, with a view to enhance the mechanism for the on-the-ground responses to such diseases and risk factors.

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: Establishment and operation of a Central-Level Disease Surveillance Unit

1. The establishment by MOHFW of a disease surveillance unit at the central level to: (i) help coordinate, monitor and decentralize disease surveillance activities; and (ii) support and complement the disease surveillance efforts of the States.
2. The provision of consultant services and acquisition of equipment, furniture and other necessary facilities to support and facilitate the objectives of Part A.1 of the Project.

#### Part B: Integrating and Strengthening Disease Surveillance at the State and District Levels

The integration and strengthening of disease surveillance at the State and District levels, including: (a) inducing communities and other stakeholders, including the private sector to participate in disease surveillance programs; and (b) addressing constraints to disease surveillance activities such as lack of coordination at the Sub-national levels, and the limited use of modern technology and data management techniques, including (i) the establishment of a Disease Surveillance Unit at the State level, (ii) the establishment of a District Surveillance Office at the District level, (iii) notification of the nearest health facility of disease or health condition selected for community-based surveillance, and (iv) strengthening data quality, analysis and links to surveillance action.

#### Part C: Improvement of Laboratory Support

The upgrading of laboratories at the State level to improve laboratory support for disease surveillance, including: (i) the provision to the Borrower, hospitals and other health facilities of timely and reliable confirmation of suspected cases of disease; (ii) the monitoring of drug resistance; and (iii) the introduction of a quality assurance system for assessing and improving the quality of laboratory data.

Part D: Training for Disease Surveillance and Action

1. The carrying out of a large and coordinated training strategy and plan to:  
(i) reorient health staff in both the public and private sectors to an integrated disease surveillance system; and (ii) provide the new skills needed to implement the said system effectively, including (a) specific training for disease control staff, (b) specialized training in epidemiology, and (c) specialized training in data management and communications.
  
2. The carrying out of workshops, review meetings, training activities and provision of contractual services to support and facilitate the objectives of the Project.

\* \* \*

The Project is expected to be completed by September 30, 2009.

### **SCHEDULE 3**

#### **Procurement**

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

###### Part A: General

Goods and works shall be procured in accordance with: (i) the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines); and (ii) the following provisions of Section I of this Schedule.

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

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

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$500,000 equivalent or more each.

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

###### 1. National Competitive Bidding

(a) Goods estimated to cost less than \$500,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Works estimated to cost more than \$30,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$30,000 equivalent per contract may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Direct Contracting

(a) Goods estimated to cost \$30,000 equivalent or less per contract, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

(b) The following may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines, namely:

- (i) works estimated to cost \$30,000 equivalent or less per contract;
- (ii) works for the maintenance of buildings, equipment or vehicles;  
and
- (iii) the hiring of vehicles and procurement of office consumables.

4. Force Account

Works which meet the requirements of paragraph 3.8 of the Guidelines, and costing \$30,000 equivalent or less per contract, may, with the Association's prior agreement, be carried out by force account in accordance with the provisions of said paragraph of the Guidelines.

5. Procurement of Small Works

Works estimated to cost \$30,000 equivalent or less per contract, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.



Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

The procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply with respect to each:

- (i) contract for goods estimated to cost the equivalent of \$500,000 or more, provided, however, that subsequent contracts for the same goods with respect to which prior review has been carried out and completed in an earlier contract shall be subject to post review in accordance with paragraph 3 of this Part D. With respect to such subsequent contracts, the Borrower shall:
  - (A) notify the Association of the initiation of the process for the procurement of goods; and
  - (B) provide to the Association for its approval any proposed changes to the bid document from the earlier contract relating to the method of procurement, specifications, and qualification and evaluation criteria.
- (ii) contract for works estimated to cost the equivalent of \$500,000 or more;
- (iii) the first contract for goods estimated to cost more than \$30,000 but less than \$500,000 equivalent to be procured under national competitive bidding procedures; and
- (iv) the first contract for works estimated to cost more than \$30,000 but less than \$500,000 equivalent to be procured under national competitive bidding procedures.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provision shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph: the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 and footnote 8 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Quality-Based Selection

Services for training of laboratory technicians, data managers, district/state surveillance teams, and other specialized services may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Single Source Selection

Services for such media activities as street plays, puppet shows which are estimated to cost less than \$100,000 equivalent per contract may be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

3. Service Delivery Contractors

Services to be provided by medical personnel and individuals for specialized activities under the Project shall be procured in accordance with the provisions of paragraph 3.19 of the Consultant Guidelines.

4. Individual Consultants

Services of individual consultants for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

5. Least Cost Selection

Services for assignment of a standard or routine nature shall be procured under contracts awarded in accordance with the provisions of paragraph 3.6 of the Consultant Guidelines.

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

1. Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Association for its review and approval prior to the issuance to consultants of any requests for proposals. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association.

2. Prior Review

(a) Subject to paragraph (c) hereof, with respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) Subject to paragraph (c) hereof, with respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

(c) Subsequent contracts for the employment of consulting firms or individuals for the same type of activities with respect to which prior review has been carried out and completed in earlier contracts shall be subject to post review in accordance with paragraph 3 of this Part D. With respect to such subsequent contracts, the Borrower shall:

- (A) notify the Association of the initiation of the process for the selection of consultants; and
- (B) provide to the Association for its approval any proposed changes to the terms of reference, qualifications and experience of the consultants.

3. Post Review

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

## **SCHEDULE 4**

### **Implementation Program**

1. (a) The Borrower shall maintain the Project Implementation Plan, the Environmental Management Plan and the Tribal Development Plan each in a form and substance satisfactory to the Association.

(b) The Borrower shall carry out the Project in accordance with the Project Implementation Plan, the Environmental Management Plan and the Tribal Development Plan and the Borrower shall not amend or waive any provision of the Plans if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

(c) The Borrower shall refrain from taking any action which shall prevent or interfere with the implementation of the Environmental Management Plan and the Tribal Development Plan.

2. The Borrower shall maintain in MOHFW a Central Surveillance Unit in a form and with functions, staffing and resources satisfactory to the Association. CSU shall be responsible for the overall coordination, implementation and monitoring of the Project and its functions shall include:

(a) the development of national guidelines for disease surveillance and control;

(b) the monitoring of the execution of the different components of the Project;

(c) ensuring adherence to the quality guidelines and standard operating procedures established for the Project;

(d) the analysis of data and provision of feedback on trends observed;

(e) the coordination of responses to epidemics and disasters and any other requests received from the Project States as necessary;

(f) the coordination of the activities of central agencies such as the National Institute of Communicable Diseases, the Indian Council for Medical Research and referral laboratories;

(g) liaising with international public health organizations; and

(h) furnishing financial reports, reimbursement claims and overall Project reports to the Association.

3. The Borrower shall, for the purpose of the Project, engage not later than one (1) month after the Effective Date, and thereafter maintain in CSU, a financial consultant with qualifications and experience satisfactory to the Association.

4. (a) The Borrower shall cause each Project State to establish and thereafter maintain a State Surveillance Unit, as referred to in the Memorandum of Understanding, in a form and with functions, staffing and resources satisfactory to the Association.

(b) Each SSU shall be responsible for: (i) the collation and analysis of data received from the districts and transmitting same to CSU; (ii) sending regular feedback to the District Surveillance Units on the trend analysis of data received from the DSUs; (iii) the coordination of all Project training activities; (iv) the coordination of the activities of the rapid response teams of the Project State; (v) the dispatch of said teams to the field as needed; (vi) the monitoring and review of the activities of the DSUs, including checks on the validity of data; (vii) the responsiveness of the disease surveillance system and the functioning of the laboratories; (viii) the coordination of the activities of the Project State's public health and medical college laboratories; (ix) supporting the external quality assurance program; and (x) supporting the risk factor surveys.

5. (a) The Borrower shall cause each Project State to establish and thereafter maintain in each District of the Project State, a District Surveillance Unit, as referred to in the Memorandum of Understanding, in a form and with functions, staffing and resources satisfactory to the Association.

(b) The functions of a DSU shall include: (i) the collection and analysis of data received from the Health Centers, the laboratories, and private providers; (ii) the transmitting of same to the SSU; (iii) the sending of regular feedback to reporting units on the trend analysis of data received from them; (iv) the collection and trend analysis of environmental hazard data; (v) the monitoring and review of the activities of reporting units including checks on the validity of data; (vi) the initiation of investigations into disease outbreak and facilitating associated disease control measures; and (vii) facilitating public-private partnerships in response to disease outbreak.

6. The Borrower shall establish and maintain a Central Surveillance Committee for overseeing all matters relating to surveillance in the country including coordination between various stakeholders.

7. The Borrower shall cause each Project State to establish and maintain (a) a State Surveillance Committee for overseeing all matters relating to Surveillance in the Project State including coordination between various stakeholders; and (b) a District Surveillance Committee for overseeing all matters relating to Surveillance in each District including coordination between various stakeholders.

8. The Borrower shall, for the purposes of the Project, cause each Project State to appoint not later than one month after the execution of the Memorandum of Understanding with such Project State, and thereafter maintain, a State-level Financial Consultant with qualifications and experience, satisfactory to the Association.

9. The Borrower shall:

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

(b) furnish to the Association on or about December 31 and June 30 of each Project Year, a report, of such scope and in such detail as the Association shall reasonably request, on progress made in the carrying out of the Project during the first six (6) months and the second six (6) months of each Fiscal Year respectively, such progress to be measured against the indicators referred to in paragraph 9 (a) of this Schedule; and

(c) review with the Association by July 31 and January 31 of each Fiscal Year during the implementation of the Project, or such later date as the Association shall request, the progress made in the carrying out of the Project and the attainment of the objectives thereof, such reviews to be based on the reports referred to in subparagraph (b) above; and thereafter take, or cause to be taken, all such action which shall have been agreed upon by the Borrower and the Association during such reviews as necessary for the efficient execution of the Project and the achievement of the objectives thereof.

10. The Borrower shall no later than July 31, 2007 carry out jointly with the Association a Mid-term Review of the progress made in carrying out the Project. The Mid-term Review shall cover: (a) an assessment of (i) progress made in carrying out work programs prepared for the Project; (ii) training provided under the Project; (iii) procurement under the Project; (iv) the extent to which indicators satisfactory to the Association have been achieved; and (v) plans made or proposed for the updating of said indicators; and (b) such other Project related matters as the Borrower or the Association shall reasonably request.