

CONFORMED COPY

CREDIT NUMBER 1931 IN

(Fifth (Bombay and Madras) Population Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 16, 1988

CREDIT NUMBER 1931 IN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 16, 1988, between INDIA, acting by its President (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Project will be carried out by the State of Tamil Nadu, the Madras City Municipal Corporation (MMC) and the Municipal Corporation of Greater Bombay (BMC) respectively with the Borrower's assistance and, as part of such assistance, the Borrower will make available to the State of Tamil Nadu, MMC (through the State of Tamil Nadu) and BMC (through the State of Maharashtra) the proceeds of the Credit as provided in this Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia,

of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement, in the Project Agreement of even date herewith among the Association and the State of Tamil Nadu, MMC and BMC and in the Maharashtra Agreement of even date herewith between the Association and the State of Maharashtra;

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) "Project Agreement" means the agreement among the Association, Tamil Nadu, MMC and BMC of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(b) "Maharashtra Agreement" means the agreement between the Association and Maharashtra of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Maharashtra Agreement;

(c) "State" or "States" means a state or states, respectively, of the Borrower;

(d) "Tamil Nadu" means Tamil Nadu, a State of India, or a successor thereto;

(e) "Maharashtra" means Maharashtra, a State of India, or a successor thereto;

(f) "Chingleput" means the district of Chingleput in Tamil Nadu;

(g) "DOHFW" means the Directorate of Health and Family Welfare of Tamil Nadu;

(h) "MMC Act" means the Madras City Municipal Corporation Act, 1919;

(i) "MMC" means the Madras City Municipal Corporation, a statutory corporation established under the MMC Act;

(j) "BMC Act" means the Bombay Municipal Corporation Act, 1888, as amended from time to time;

(k) "BMC" means the Municipal Corporation of Greater Bombay, a statutory corporation established under the BMC Act;

(l) "Madras City" means the area within which MMC has jurisdiction to exercise its authority pursuant to the MMC Act;

(m) "Greater Bombay" means the area within which BMC has jurisdiction to exercise its authority pursuant to the BMC Act;

(n) "HP" means Health Post;

(o) "IEC" means Information, Education and Communication;

(p) "MIES" means management information and evaluation

system;

(q) "PVO" means Private Voluntary Organization.

(r) "PMP" means Private Medical Practitioner;

(s) "FY" means the fiscal year which begins on July 1 each year and ends on June 30 of the following year; and

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

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to forty one million Special Drawing Rights (SDR 41,000,000).

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 and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars in the Reserve Bank of India a special account on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1995 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

(b) The commitment charge shall accrue: (i) from a 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; (ii) at the rate set as of 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 as of the next payment date in that year specified in Section 2.06 of this Agreement, except that the rate set as of June 30, 1988 shall be applied as of July 1, 1988.

(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 June 15 and December 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 June 15 and December 15 commencing December 15, 1998 and ending June 15, 2023. Each installment to and including the installment payable on June 15, 2008 shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall cause Tamil Nadu, MMC, BMC and Maharashtra respectively to perform in accordance with the provisions of the Project Agreement and the Maharashtra Agreement respectively, all the obligations of Tamil Nadu, MMC, BMC and Maharashtra, respectively therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable Tamil Nadu, MMC, BMC and Maharashtra respectively to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make the proceeds of the Credit available to Tamil Nadu for such parts of the Project as are carried out by Tamil Nadu and MMC and to Maharashtra for such parts of the Project as are carried out by BMC, in accordance with the Borrower's standard arrangements for development assistance to the States.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to

the Project Agreement.

Section 3.03. 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) shall be carried out (i) pursuant to Section 2.03 of the Project Agreement by Tamil Nadu in respect of such parts of the Project as are carried out in Chingleput, by MMC in respect of such parts of the Project as are carried out in Madras City and by BMC in respect of such parts of the Project as are carried out in Greater Bombay; and (ii) pursuant to Section 2.04 of the Maharashtra Agreement by Maharashtra.

#### ARTICLE IV

##### Financial and Other Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditures, the Borrower shall:

- (i) maintain or cause to be maintained in accordance with sound accounting practices, records and accounts reflecting such expenditures;
  - (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made; and
  - (iii) enable the Association's representatives to examine such records.
- (b) The Borrower shall:
- (i) have the records and accounts referred to in paragraph (a) (i) of this Section and those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
  - (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including 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; and
  - (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

#### 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) Tamil Nadu shall have failed to perform any of its

obligations under the Project Agreement.

(b) MMC shall have failed to perform any of its obligations under the Project Agreement.

(c) BMC shall have failed to perform any of its obligations under the Project Agreement.

(d) Maharashtra shall have failed to perform any of its obligations under the Maharashtra Agreement.

(e) 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: (i) Tamil Nadu, MMC or BMC will be able to perform its obligations under the Project Agreement; or (ii) Maharashtra will be able to perform its obligations under the Maharashtra Agreement.

(f) The MMC Act shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of MMC to perform any of its obligations under the Project Agreement.

(g) The BMC Act shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of BMC to perform any of its obligations under the Project Agreement.

(h) The Borrower or any other authority having jurisdiction shall have taken any action for the disestablishment of either BMC or MMC or for the suspension of the operations of either BMC or MMC.

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

(a) the event specified in paragraphs (a), (b), (c), or (d) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and

(b) the event specified in paragraph (f), (g) or (h) of Section 5.01 of this Agreement shall occur.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association: (i) the Project Agreement has been duly authorized or ratified by Tamil Nadu, MMC and BMC respectively, and is legally binding upon Tamil Nadu, MMC and BMC respectively in accordance with its terms; and (ii) the Maharashtra Agreement has been duly authorized or ratified by Maharashtra and is legally binding upon Maharashtra in accordance with its terms.

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

Section 6.03. The obligations of the Borrower under Section 5.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date twenty years after the date of this Agreement, whichever shall be the earlier.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

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

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

For the Borrower:

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

Cable address:	Telex:
ECOFAIRS New Delhi	953-313546

For the Association:

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

Cable address:	Telex:
INDEVAS Washington, D.C.	440098 (ITT) 248423 (RCA) or 64145 (WUI)

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

INDIA

By /s/ Anil Kumar  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ A. Karaosmanoglu  
Regional Vice President  
Asia

#### SCHEDULE 1

##### Withdrawal of the Proceeds of the Credit

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

Amount of the Credit Allocated (Expressed in	% of Expenditures
--	----------------------

Category	SDR Equivalent)	to be Financed
(1) Civil works and professional fees	4,800,000	85%
(2) Equipment, books, furniture and vehicles	4,300,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 85% of local expenditures for other items procured locally
(3) Consultants' services and local and overseas fellowships	3,300,000	100%
(4) Staff salaries, materials and operation and maintenance costs	26,300,000	100% of expenditures incurred in FY 89  90% of expenditures incurred in FY 90, and 91

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(5) Unallocated	2,300,000	80% of expenditures incurred in FY 92  70% of expenditures incurred in FY 93  60% of expenditures incurred in FY 94  45% of expenditures incurred in FY 95
TOTAL	<hr/> 41,000,000	

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; and

(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.

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, except that withdrawals, in an aggregate amount not exceeding the equivalent



of SDR 725,000 may be made in respect of Categories 1 through 4 on account of payments made for expenditures before that date but after November 1, 1987.

## SCHEDULE 2

### Description of the Project

The main objective of the Project is to assist the Borrower in implementing its policies and programs for further improving the service delivery and outreach systems, and the management and organization, of family welfare services in urban slum areas as part of the Borrower's national Urban Revamping Scheme.

The Project will be carried out in Greater Bombay, Madras City and parts of the district of Chingleput and will consist of the following parts, subject to such modifications as may be agreed upon between the Borrower and the Bank from time to time:

#### Part A: Expansion of Delivery of Family Welfare Services

1. Establishment of new HPs as well as the expansion and strengthening of selected existing HPs.

2. Expansion and strengthening of outreach programs in slum areas to increase access to, and the quality and effectiveness of, available family welfare services (with emphasis on birth spacing, temporary birth control methods, pre-and post-natal care, identification and management of high-risk pregnancies, the systemization of referral procedures and the immunization of children and pregnant women) as well as to strengthen the promotional and preventive aspects of public health.

3. Expansion of service delivery by strengthening of selected post-partum centers as well as the upgrading of family welfare facilities at selected hospitals.

#### Part B: Improvement of Quality of Family Welfare Services

Provision of training and educational materials, equipment and incremental staff to improve the quality of family welfare services in slum areas.

#### Part C: Strengthening of the Management of Family Welfare Services

1. Strengthening of the management capacity of institutions involved in the planning, management, and delivery of family welfare services by improvements in organization structure, and upgrading of staff and facilities.

2. Improvement of the monitoring and evaluation of family welfare programs including the carrying out of studies towards that end.

3. Development of IEC programs including provision of relevant training.

#### Part D: Expansion of the Participation of Private Voluntary Organizations and Private Medical Practitioners in the Delivery of Family Welfare Services

1. Increase of participation of PVOS in HPs established or strengthened under the Project, as well as provision of support for PVO-operated HPs.

2. Provision of support for PVO training of family welfare services personnel.

3. Provision of support including upgrading of skills and supply of medicine and related materials to selected PMPs.

\* \* \*

The Project is expected to be completed by June 30, 1995.

### SCHEDULE 3

#### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1, 2, 3 and 4 set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to SDR 2,150,000 to be withdrawn from the Credit Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, 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 may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, 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) The Borrower shall furnish to the Association requests for replenishment of the Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made 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 the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association when either of the following situations first arises:

(i) 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

- (ii) the total unwithdrawn amount of the Credit allocated to the eligible Categories, minus 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 be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) 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 any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule, or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association 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. No further deposit by the Association into the Special Account shall be made until the Borrower has made such deposit or refund.

(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 for crediting to the Credit Account.

