

CONFORMED COPY

LOAN NUMBER 4207 IND

Loan Agreement

(Safe Motherhood Project: A Partnership and Family Approach)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated August 4, 1997

LOAN NUMBER 4207 IND

LOAN AGREEMENT

AGREEMENT, dated August 4, 1997, between REPUBLIC OF INDONESIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

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

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan 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 Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995, with the modification of Section 6.03 set forth below (the General Conditions) constitute an integral part of this Agreement:

"Section 6.03. Cancellation by the Bank. If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with

respect to any amount of the Loan for a continuous period of thirty days, or (b) at any time, the Bank determines, after consultation with the Borrower, that an amount of the Loan will not be required to finance the Project's costs to be financed out of the proceeds of the Loan, or (c) at any time, the Bank determines, with respect to any contract to be financed out of the proceeds of the Loan, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Loan during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Loan, or (d) at any time, the Bank determines that the procurement of any contract to be financed out of the proceeds of the Loan is inconsistent with the procedures set forth or referred to in the Loan Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Loan, or (e) after the Closing Date, an amount of the Loan shall remain unwithdrawn from the Loan Account, or (f) the Bank shall have received notice from the Guarantor pursuant to Section 6.07 with respect to an amount of the Loan, the Bank may, by notice to the Borrower and the Guarantor, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Loan shall be canceled."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "BDD" means Bidan Di Desa, a village midwife;
- (b) "BKKBN" means Badan Koordinasi Keluarga Berencana Nasional, the Borrower's National Family Planning Coordinating Board;
- (c) "CPMU" means the Central Project Management Unit established and maintained in the office of the Deputy for Planning and Program Analysis of BKKBN pursuant to Decree No. 136/HK.104/D1/97 of May 29, 1997, issued by the State Minister of Population/Chairman of BKKBN of the Borrower, in accordance with paragraph 1(a) of Schedule 5 to this Agreement, and responsible for coordinating Project activities at the central level;
- (d) "CPS" means the Central Project Secretariat established and maintained in the Planning Bureau of BKKBN pursuant to Decree No. 136/HK.104/D1/97 of May 29, 1997, issued by the State Minister of Population/Chairman of BKKBN of the Borrower, in accordance with paragraph 1 (b) of Schedule 5 to this Agreement, and responsible for assisting the CPMU with the coordination of overall Project activities, including monitoring and evaluation, administration of procurement and financial accounts and technical audits;
- (e) "Fiscal Year" and "FY" mean the Borrower's fiscal year commencing April 1 and ending March 31;
- (f) "IEC" means information, education and communication;
- (g) "Kabupaten" means a district, an administrative sub-division within a Project Province;
- (h) "MOEC" means the Borrower's Ministry of Education and Culture and any successor thereto;
- (i) "MOH" means the Borrower's Ministry of Health and any successor thereto;
- (j) "MORA" means the Borrower's Ministry of Religious Affairs and any successor thereto;
- (k) "MOSA" means the Borrower's Ministry of Social Affairs and any successor thereto;
- (l) "PPMUs" means the Provincial Project Management Units established and maintained in the provincial office of BKKBN (Kanwil) in each Project Province,

pursuant to Decree No. 136/HK.104/D1/97 of May 29, 1997, issued by the State Minister of Population/Chairman of BKKBN of the Borrower, in accordance with paragraph 1(c) of Schedule 5 to this Agreement and responsible for coordinating Project activities at the provincial level, and "PPMU" means any one of such units;

(m) "PPSS" means the Provincial Project Secretariats established and maintained by the Project Provinces in the provincial office of BKKBN (Kanwil) in each Project Province, pursuant to Decree No. 136/HK.104/D1/97 of May 29, 1997, issued by the State Minister of Population/Chairman of BKKBN of the Borrower, in accordance with paragraph 1 (d) of Schedule 5 to this Agreement and responsible for assisting the PPMUs with the overall coordination of Project activities at the provincial level, including monitoring and evaluation, and administration of procurement and financial accounts; and "PSS" means any one of such secretariats;

(n) "Project Provinces" means the Borrower's Provinces of Central Java and East Java; and "Project Province" means any one of such provinces;

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

(p) "Targeted Performance-Based Contract" means a contract entered into between a Kabupaten health office and a BDD, for the delivery of specific public health services to a village and the delivery of specific private health services to the poor in such a village.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount equal to forty two million five hundred thousand dollars (\$42,500,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank 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 Loan.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars a special deposit account in Bank Indonesia or in a state commercial bank on terms and conditions satisfactory to the Bank, including, in the case of a state commercial bank, appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 7 to this Agreement.

Section 2.03. The Closing Date shall be May 31, 2003, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.06. Interest and other charges shall be payable in arrears on June 15 and December 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the provisions of Schedule 3 to this Agreement.

## 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, educational, health, and financial 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 Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank 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 Bank, a plan designed to ensure the continued achievement of the Project's objectives; and

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

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower 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 Bank;

(ii) furnish to the Bank 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 Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan 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 Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

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

(iv) ensure that such records and accounts are included in the annual audit report of such audit as to whether the statements of year, together with the procedures their preparation, can be relied upon to withdrawals.

referred to in paragraph (b) of this Section and that the contains a separate opinion by said auditors expenditure submitted during such fiscal and internal controls involved in support the related

#### ARTICLE V

##### Termination

Section 5.01 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 VI

##### Representative of the Borrower; Addresses

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance  
c/o Directorate General of Budget  
Jalan Lapangan Banteng Timur 2-4  
P. O. Box 1139  
Jakarta 10710  
Indonesia

Cable address:

FINMINISTRY  
Jakarta

Telex:

45799 DJMLN-IA  
44319 DEPKEU-IA

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

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

REPUBLIC OF INDONESIA

By /s/ Arifin M. Siregar, Ambassador  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Javad Khalilzadeh-Shirazi

Acting Regional Vice President  
East Asia and Pacific

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be Financed
(1) Equipment (excluding vehicles)	2,300,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost), and 65% of local expenditures for other items procured locally
(2) IEC and instructional materials	9,200,000	70%
(3) In-country fellowships, training and workshops	9,900,000	60%
(4) Studies and overseas fellowships	8,600,000	100%
(5) Services under Targeted Performance-Based Contracts including consultants' services and training under Part A.1(c)(i), (ii), and (iv) of the Project	2,600,000	100%
(6) Project administration under Part C of the Project	1,000,000	70%
(7) Emergency obstetrical services	3,400,000	100% incurred in FY 1997/1998, FY 1998/1999, and FY 1999/2000; and 25% incurred after FY 1999/2000
(8) Consultants' services other than under Part A.1 (c) of the Project	3,500,000	80%
(9) Unallocated	2,000,000	
TOTAL	42,500,000	

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 "Project administration" means Project related expenditures by the CPMU, the CPS, the PPMUs and the PPSs for administrative costs including travel, consumables and office supplies, but excluding salaries; and

(d) the term "emergency obstetrical services" means expenditures under Part A.1 (b) (vi) of the Project for: drugs and medical supplies provided to the patient; fees of service providers; and the cost of accommodations at health centers, clinics and hospitals, payable at a rate not exceeding MOH standard rates applicable to Level III-type accommodations at public hospitals.

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.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for: (i) goods under contracts costing less than \$200,000 equivalent each; (ii) fellowships, training, and workshops; (iii) services under Targeted Performance-Based Contracts; (iv) emergency obstetrical services; (v) Project administration; (vi) in-house studies not requiring the procurement of external consultants' services under category (4) costing less than \$100,000 equivalent each; and (vii) contracts for the employment of consulting firms valued at less than \$100,000 equivalent each, and contracts for the employment of individuals valued at less than \$50,000 equivalent each; all under such terms and conditions as the Bank shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower in improving the maternal health status and reducing the maternal mortality and morbidity, through a partnership and family approach, in the Provinces of Central Java and East Java.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

#### Part A: Activities in the Project Provinces

##### 1. Improving the Maternal Health Status and the Utilization and Sustainability of Maternal Health Services at the Village Level

(a) Promotion of maternal health services through: (i) the carrying out of IEC campaigns; (ii) the development and implementation of a communications strategy for maternal health services; and (iii) the training in the delivery of IEC campaigns of staff of BKKBN, MOH, the Project Provinces, and representatives of relevant community and private institutions.

(b) Improving the supply of maternal health services in the Project Provinces through: (i) the provision of in-service training for health service providers and the provision of related instructional materials; (ii) the development and implementation of standard operating procedures for emergency obstetric and neonatal care; (iii) the revision and implementation of guidelines for health providers for anemia control; (iv) the provision of medical equipment to BDDs, sub-health centers, health centers and hospitals at the Kabupaten level; (v) the carrying out of surveys and research on maternal health issues at the provincial level; and (vi) the provision of emergency obstetric care at health centers, clinics and public and private hospitals to needy patients, referred especially by BDDs.

(c) Strengthening the sustainability of the maternal and reproductive health services at the village level through: (i) the establishment of pilot

group-practice models for BDDs, including provision of in-service training to BDDs; (ii) the establishment of a pilot scheme of Targeted Performance-Based Contracts for BDDs, including training for BDDs; (iii) the financing of specific projects for the refurbishing and equipping of clinics as private practices of BDDs; and (iv) the carrying out of research and evaluations relating to the pilots in (i) and (ii) above.

## 2. Increasing the Demand for and Access to High Quality Family Planning Services

Increasing the technical competence and the counseling skills of family planning service providers through:

(a) the development and implementation of client-oriented IEC programs to promote the demand for high quality family planning services among individuals and families;

(b) the training of service providers in family planning services and in counseling skills;

(c) the provision of medical and IEC equipment and related supplies to family planning providers; and (d) the establishment and implementation of quality assurance programs.

## 3. Preparing Adolescents for Healthy Reproductive Lives

Increasing the knowledge and awareness of adolescents in reproductive health issues through:

(a) the carrying out of an in-depth assessment of counseling needs;

(b) the strengthening of adolescent counseling, services and education through parent and family education programs, community group educational programs, in-school and out-of-school programs; and

(c) the carrying out of mass media campaigns.

## Part B: Central Government Activities

### 1. Technical Support and Training

Provision of technical support to Project Provinces and provision of training to central and provincial staff for:

(a) the development of training strategies and guidelines for BDDs and health service providers;

(b) the development of IEC strategies for maternal and reproductive health;

(c) the development of curricula and teaching methodology for adolescent reproductive health;

(d) the provision of training and fellowships to central and Provincial staff in the areas of reproductive health and related fields; and

(e) the strengthening of the capacity of the Project Provinces in the implementation of maternal health, family planning and adolescent health activities under the Project.

### 2. Policy, Research and Evaluation

(a) Carrying out of policy studies in the areas of maternal and reproductive health, including BDD training strategy, sustainability of BDD programs, and assessment of reproductive health issues, including sexually-transmitted diseases, and dissemination of the results of the policy studies through seminars, workshops and publications.

(b) Carrying out of Project monitoring and evaluation activities, including: baseline and follow-up surveys, rapid assessments and special evaluation studies, data



analysis, and dissemination workshops, in the area of reproductive health.

(c) Strengthening the capacity of BKKBN, MOEC, MOH, MORA, MOSA, and the Project Provinces to monitor and evaluate activities under the Project through the provision of technical assistance.

Part C: Project Administration

Strengthening of Project administration capabilities of the CPMU, the CPS, the PPMUs, and the PSSs through the provision of advisory services, office equipment and supplies.

\* \* \*

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

SCHEDULE 3

Interest and Principal Repayment Provisions

A. General Definitions

For purposes of this Schedule, the following terms have the following meanings:

(a) "Disbursed Amount" means, in respect of each Interest Period, the aggregate principal amount of the Loan withdrawn from the Loan Account in such Interest Period.

(b) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment date to, but excluding, the next following Interest Payment Date.

(c) "Interest Payment Date" means any date specified in Section 2.06 of this Agreement.

(d) "Rate Fixing Date" means, for each Disbursed Amount, the first day of the Interest Period next following the Interest Period in which such Disbursed Amount is withdrawn.

B. Interest

1. The principal amount of the Loan shall be divided into Disbursed Amounts. Interest shall accrue on each Disbursed Amount outstanding from time to time at a rate based on a floating rate index prior to its Rate Fixing Date and at a fixed rate from its Rate Fixing Date, as described in paragraph 2 of this Part B.

2. (a) From the date of withdrawal of each amount of each Disbursed Amount withdrawn and outstanding, to but not including the Rate Fixing Date for such Disbursed Amount, interest on each such amount shall accrue, at a rate equal to the applicable:

(i) LIBOR Base Rate; plus

(ii) LIBOR Total Spread.

(b) From the Rate Fixing Date for each Disbursed Amount until final repayment thereof, interest on such Disbursed Amount shall accrue, at a rate equal to the applicable:

(i) Fixed Base Rate; plus

(ii) Fixed Total Spread.

3. For purposes of paragraph 2 of this Part B, the following terms have the following meanings:

(a) "LIBOR Base Rate" means, for the Interest Period in which a Disbursed

Amount is withdrawn, the London interbank offered rate for six-month deposits in dollars for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the day occurring on the Interest Payment Date preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.

(b) "LIBOR Total Spread" means, for the Interest Period in which each Disbursed Amount is withdrawn:

(i) one half of one percent (1/2 of 1%);

(ii) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include such Disbursed Amount for such Interest Period; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) "Fixed Base Rate" means, for each Disbursed Amount, the equivalent of the London interbank offered rate for six-month deposits in dollars for value on the Rate Fixing Date for such Disbursed Amount, expressed as a single fixed interest rate based on the fixed interest rates corresponding to the repayment installments of such Disbursed Amount, as reasonably determined by the Bank and expressed as a percentage per annum.

(d) "Fixed Total Spread" means, for each Disbursed Amount:

(i) one-half of one percent (1/2 of 1%);

(ii) minus (or plus) the cost margin, applicable on the Rate Fixing Date for such Disbursed Amount, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated to fund single currency loans or portions thereof made by it that include such Disbursed Amount; plus

(iii) the Bank's risk spread applicable on the Rate Fixing Date for such Disbursed Amount; as reasonably determined by the Bank and expressed as a percentage per annum.

4. The Bank shall notify the Borrower of LIBOR Base Rate, LIBOR Total Spread, Fixed Base Rate and Fixed Total Spread applicable to each Disbursed Amount, promptly upon the determination thereof.

5. Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Schedule, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in this Schedule, the Bank may modify the basis for determining the interest rates applicable to amounts of the Loan not yet withdrawn upon not less than six (6) months' notice to the Borrower of the new basis. The new basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

#### C. Repayment

1. Subject to the provisions of paragraph 2 of this Part C, the Borrower shall repay each Disbursed Amount of the Loan in semiannual installments payable on each June 15 and December 15, the first such installment to be payable on the seventh (7th) Interest Payment Date following the Rate Fixing Date for such Disbursed Amount and the last such installment to be payable on the eighteenth (18th) Interest Payment Date following the Rate Fixing Date for such Disbursed Amount. Each installment shall be one-twelfth (1/12) of such Disbursed Amount.

2. Notwithstanding the provisions of paragraph 1 of this Part C, if any installment

of principal of each Disbursed Amount would, pursuant to the provisions of said paragraph 1, be payable after December 15, 2012, the Borrower shall also pay on said date the aggregate amount of all such installments.

3. After each Disbursed Amount shall have been withdrawn, the Bank shall promptly notify the Borrower of the amortization schedule for such Disbursed Amount.

#### SCHEDULE 4

##### Procurement

##### Section I. Procurement of Goods

##### Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 (the Guidelines) and the following provisions of 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 \$200,000 equivalent or more each.

##### (b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

##### (c) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost \$10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

##### Part C: Other Procurement Procedures

##### 1. National Competitive Bidding

Goods estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$8,600,000 equivalent, 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 \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$2,000,000 equivalent, 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

Goods which should be procured as an extension of an existing contract, must be purchased from the original supplier to be compatible with existing equipment, or are of a proprietary nature, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank 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 Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

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

Section II. Employment of Consultants

Part A: General

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

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants to carry out field research under Part A.3(b) of the Project, estimated to cost less than \$100,000 per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Quality-based Selection

Services for the carrying out of studies under Parts A.1 and B.2 of the Project, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Selection Under a Fixed Budget

Services for the carrying out of studies and research under Parts A.1, A.2 (a), A.3 and B.2 of the Project may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

3. Selection Based on Consultants' Qualifications

Services for the carrying out of policy analysis and evaluation under Parts A.1, A.2 (a), B.1 and B.2 of the Project estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

4. Single Source Selection

Services for the carrying out of surveys under Part B.2 (b) of the Project which are estimated to cost less than \$200,000 equivalent per contract, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

5. Individual Consultants

Services for the staffing of the CPMU, the PPMUs, the PCS and the PPSs that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraph 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

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

2. Prior Review

With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, and each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

3. Post Review

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

SCHEDULE 5

Implementation Program

1. The Borrower shall maintain until completion of the Project:

(a) a CPMU, in accordance with terms of reference, staffing and resources acceptable to the Bank;

(b) a CPS, in accordance with terms of reference, staffing and resources acceptable to the Bank;

(c) a PPMU in each of the Project Provinces, in accordance with terms of reference, staffing and resources acceptable to the Bank; and

(d) a PPS in each of the Project Provinces, in accordance with terms of reference, staffing and resources acceptable to the Bank.

2. The Borrower shall:

(a) not later than December 31, 1999, and June 30, 2002, prepare and furnish to the Bank for comments, the terms of reference for the carrying out of technical audits of Project implementation;

(b) not later than July 31, 2000, and November 30, 2002, cause such technical audits to be carried out, in accordance with terms of reference acceptable to the Bank; and

(c) promptly thereafter, furnish to the Bank for comments a copy of such technical audits.

3. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 6 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) not later than September 15, in each year, until the completion of the Project furnish to the Bank, a report in such detail as the Bank shall reasonably request integrating: (i) the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and (ii) a description of Project activities proposed for the next Fiscal Year;

(c) review with the Bank, by October 31, in each year, until the completion of the Project, or such later date as the Bank shall request, the report referred to in subparagraph (b) of this Section and carry out an annual Project implementation review;

(d) at the third annual review, carry out a comprehensive mid-term assessment of Project implementation; and

(e) promptly thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the reviews carried out pursuant to paragraphs (c) and (d) of this Section, and the Bank views on the matter.

4. In carrying out the studies described under Parts A and B. 2 of the Project, the Borrower shall:

(a) carry out the studies in accordance with terms of reference and timing acceptable to the Bank;

(b) furnish to the Bank for comments, not later than four months after the completion of each such study, the recommendations of said study; and

(c) promptly thereafter prepare an action plan taking into account the comments of the Bank on the recommendations of said study.

5. In carrying out the training described under Parts A.1(a), A.1(b), A.1(c), A.2 (a), A.2 (b), A.2 (d), A.3 (b), and B.1 (d) of the Project, the Borrower shall carry out such training in accordance with programs and implementation timetables acceptable to the Bank.

6. In carrying out Part A. 1 (c) (ii) of the Project, the Borrower shall:

(a) not later than March 1, 1998, furnish to the Bank for comments the draft model Targeted Performance-Based Contract; promptly thereafter revise such model taking into account the Bank's comments; and, thereafter, enter into Targeted Performance-Based Contracts with BDDs on terms and conditions acceptable to the Bank; and

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about June 30, 1999, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of Section 3 of this Schedule, on the progress achieved in the carrying out of Part A.1 (c) (ii) of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of such Part of the Project and the achievement of the objectives thereof during the period following such date.

7. In carrying out Part A.1 (b) (vi) of the Project, the Borrower shall:

(a) not later than March 1, 1998, furnish to the Bank for review and comments, the MOH guidelines relating to the provision of emergency obstetric services in the Project Provinces; and, promptly thereafter, revise and implement the guidelines taking into account the Bank's comments; and

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about June 30, 1999, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of Section 3 of this Schedule, on the progress achieved in the carrying out of Part A.1 (b) (vi) of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of such Part of the Project and the achievement of the objectives thereof during the period following such date.

8. In carrying out Parts A.1, A.2 and B.1 of the Project, the Borrower shall:

(a) not later than March 1, 1998, establish and, thereafter, maintain until completion of the Project, a central technical committee and provincial technical committees in the Project Provinces, to review and assess the contents of IEC activities under Parts A.1, A.2 and B.1 of the Project;

(b) not later than June 30, 1998, cause a technical review to be carried out, under terms of reference acceptable to the Bank, of the IEC message development and of the implementation plan for the IEC activities under the Project; and, promptly thereafter, furnish the results of the review to the Bank for comments; and

(c) not later than December 31, 1998, cause a technical review to be carried out, under terms of reference acceptable to the Bank, of the IEC strategy and its implementation; and, promptly thereafter, furnish the results of the review to the Bank for comments.

#### SCHEDULE 6

##### Project Performance Indicators

1. Improving the utilization of maternal health services

(a) Percentage increase in deliveries assisted by BDDs, and by trained health providers:

(i) at least 20% increase over the baseline at Project mid-term review; and

(ii) at least 50% increase over the baseline at Project completion.

(b) At least 60% of cases with obstetric complications referred to health facilities providing emergency obstetric care, at Project completion.

2. Improving the sustainability of maternal health services at the village level

Evaluation of results of the BDD pilot projects, especially those carried out under the Targeted Performance-Based Contracts, finalized at Project completion.

3. Increasing the access to high quality family planning services

Percentage increase in a quality index of family planning services:

(i) at least 20% increase over the baseline at Project mid-term review; and

(ii) at least 50% increase over the baseline at Project completion.

4. Preparing adolescents for healthy reproductive lives

Percentage increase of knowledge about reproductive health issues among adolescents:

(i) at least 10% increase over the baseline at Project mid-term

review; and

- (ii) at least 30% increase over the baseline at Project completion.

#### SCHEDULE 7

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (8) 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 Loan 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 \$2,700,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$1,350,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$5,400,000.

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

3. After the Bank 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 Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank 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 Bank shall, on behalf of the Borrower, withdraw from the Loan 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 Bank from the Loan 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 Bank shall reasonably request, furnish to the Bank 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 Bank shall not be required to make further deposits into the Special Account:

- (a) if, at any time, the Bank shall have determined that all further



withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

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

(c) if, at any time, the Bank 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 Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories minus the total amount of all outstanding special commitments entered into by the Bank 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 Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank 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 Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank 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 Bank 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 Bank, refund to the Bank such outstanding amount.

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

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

