

CONFORMED COPY

CREDIT NUMBER 2240 PAK

(Family Health Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF SINDH

and

NORTHWEST FRONTIER PROVINCE

Dated July 8, 1991

CREDIT NUMBER 2240 PAK

PROJECT AGREEMENT

AGREEMENT, dated July 8, 1991, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and PROVINCE OF SINDH AND NORTHWEST FRONTIER PROVINCE acting by their respective Governors (hereinafter referred to as Sindh and NWFP, respectively, and collectively as the Provinces).

WHEREAS (A) by the Development Credit Agreement of even date herewith between Islamic Republic of Pakistan (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to thirty-one million eight hundred thousand Special Drawing Rights (SDR 31,800,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Provinces agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) the proceeds of the credit provided for under the Development Credit Agreement (with the exception of the amount allocated for Part C of the Project) will be made available to the Provinces; and

WHEREAS the Provinces, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) The Provinces declare their commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out their respective activities under the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and public health practices, and shall provide, or cause to be provided, 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 Association and the Provinces shall otherwise agree, the Provinces shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project (except Part C (2) thereof) and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. The Provinces shall, each in respect of its activities under the Project, carry out 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).

Section 2.04. (a) The Provinces shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of their obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) The Provinces shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by the Provinces of their obligations under this Agreement.

ARTICLE III

Financial Covenants

Section 3.01. (a) The Provinces shall maintain records and accounts adequate to reflect in accordance with sound accounting practices their operations and financial condition in respect of the Project.

(b) The Provinces shall:

- (i) have such records and accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than nine months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof, as the Association shall from time to time reasonably request.

ARTICLE IV

Effective Date; Termination; Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 4.02. (a) This Agreement and all obligations of the Association and of the Provinces thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date 20 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify the Provinces of this event.

Section 4.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE V

Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable,

telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

For Sindh:

Planning and Development Department
Government of Sindh
Karachi, Pakistan

Cable address:

DEVELOPMENT SINDH
Karachi, Pakistan

For NWFP:

Planning and Development Department
Government of North-West Frontier Province
Peshawar, Pakistan

Cable address:

DEVELOPMENT
Peshawar, Pakistan

Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of either Province, or by a Province on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by the Additional Chief Secretary (Development), Planning and Development Department or such other person or persons as said Additional Chief Secretary shall designate in writing, and the Provinces shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 5.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Michael H. Wiehen

Acting Regional Vice President
Europe, Middle East and North Africa

PROVINCE OF SINDH

By /s/ Arshad Farooq
Authorized Representative

NORTHWEST FRONTIER PROVINCE

By /s/ Arshad Farooq
Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services
Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

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

Part B: Preference for Domestic Manufacturers

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

Part C: Other Procurement Procedures

1. Contracts for works may be awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Goods, other than vehicles, estimated to cost the equivalent of less than \$200,000 per contract up to an aggregate amount not to exceed the equivalent of \$2,500,000 may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

3. About six vehicles estimated to cost an aggregate amount not to exceed the equivalent of \$100,000, and other sundry items of goods estimated to cost the equivalent of less than \$50,000 per contract up to an aggregate amount not to exceed the equivalent of \$1,500,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures satisfactory to the Association.

4. Medical equipment, estimated to cost an aggregate amount not to exceed the equivalent of \$2,000,000, may be procured from the United Nations Children Fund (UNICEF) under arrangements satisfactory to the Association.

Part D: Review by the Association of Procurement

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to the first contract for works to be awarded in each of the Provinces and thereafter each contract for works estimated to cost the equivalent of \$100,000 or more, and each contract for goods estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

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

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Bank has authorized withdrawals on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II: Employment of Consultants

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

SCHEDULE 2

Implementation Program

A. Management and Supervision of the Project

For the purposes of coordinating and providing overall guidance in Project implementation, the Provinces shall each establish under its Health Secretary, not later than December 31, 1991, a Steering Committee, composed of senior officials and representatives of universities and relevant non-governmental organizations, which shall meet regularly to review progress in Project implementation in its Province and to recommend actions required at the Provincial level to facilitate such implementation.

B. Responsibilities for Project Implementation

Each Province shall establish, by January 31, 1992, under a suitably qualified Project Director, an adequately staffed Project Implementation Unit (PIU) which shall be responsible, with respect to the Province's activities under the Project, for: (a) preparing the budget, monitoring expenditures, maintaining accounts and arranging the audit thereof and arranging disbursements of the proceeds of the Credit; (b) carrying out the procurement of goods, works and services and supervising the construction of works; (c) carrying out administrative functions related to Project implementation; and (d) monitoring Project progress and adherence to the requirements for Project execution set forth in this Agreement.

C. Special Requirements

1. Each Province shall: (a) implement a phased plan satisfactory to the Association which shall ensure the provision, through about one-half of its health facilities by December 31, 1993, and through all such facilities, by July 31, 1995, of adequate family planning services; (b) undertake, by December 31, 1992, a review, under terms of reference satisfactory to the Association, of the previous experience with Community Health Workers both within Pakistan and outside and thereafter determine the employment, remuneration and training needs of its own workers on the basis of the findings of such review; (c) ensure the acquisition and availability of all sites required for the construction of facilities to be constructed in its territory under the Project, not later than December 31, 1993; (d) establish and adequately staff, not later than July 31, 1992, a Provincial staff development team to be responsible for the formulation and implementation, in coordination with the PIU, of the training provided under the Project; and (e) undertake a review of the incentives and service conditions of female paramedical staff, both during training and employment, by December 31, 1992, discuss the findings of such review with the Association, and start the implementation of agreed measures for the improvement of such incentives and conditions by December 31, 1993.

2. Each Province shall: (a) establish the PHDC, included in its territory under Part C (1) (a) of the Project, in accordance with operational arrangements and staffing plan satisfactory to the Association; (b) ensure the assignment of about 75% of the staff included in such staffing plan not later than July 31, 1992, and the assignment of the remaining staff by July 31, 1993; and (c) ensure the assignment of about 75% of the staff required for each DHDC to be established under Part C (1) (a) of the Project during the first year of operation of such DHDC and the assignment of the remaining staff during the second year of such operation.

3. Each Province shall enter into suitable arrangements with appropriate local institutions for obtaining technical support for the Project to begin in the first year of Project implementation and to continue until Project completion.

4. Each Province shall review with the Association, by March 31 in each year, the levels of funds required during the following fiscal year for the carrying out of activities included under the Project and for meeting recurrent health expenditures in the Province.

5. Each Province shall ensure that increases in allocation for recurrent health expenditures recommended

under the review referred to in the preceding paragraph for any particular fiscal year, shall be adequately reflected in the budget proposal for such fiscal year.

6. The Project Director in each Province shall prepare, and furnish to the Association, semi-annual progress reports on the implementation of the Project in the territories of the Province.

