

CONFORMED COPY

CREDIT NUMBER 2611 IN

Development Credit Agreement

(Cataract Blindness Control Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 19, 1994

CREDIT NUMBER 2611 IN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 19, 1994, 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 States of Andhra Pradesh, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu and Uttar Pradesh (hereinafter collectively referred to as "Project States"), with the assistance of the Borrower, and as part of such assistance, the Borrower will make available to the Project States 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 and in the Project Agreement of even date between the Association and the Project States;

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) "Andhra Pradesh" means the Borrower's state of Andhra Pradesh, or any successor thereto;

(b) "CHC" means community health center;

(c) "cataract" means partial or complete opacification in the crystalline lens of one or both eyes;

(d) "DBCS" means District Blindness Control Society, a society formed under the Borrower's Societies Registration Act, 1860, pursuant to paragraph 2(a) of Schedule 2 to the Project Agreement;

(e) "district" means a district of a Project State;

(f) "Extra Capsular Cataract Extraction" or "ECCE" means cataract treatment by extracting lens material in small pieces while keeping the posterior lens capsule in place;

(g) "FY" or "financial year" means the financial year of the Borrower, which begins on April 1 each year and ends on March 31 of the following year;

(h) "IOL" means intraocular lens, a clear plastic lens implanted in the eye during ECCE surgery, which serves as a substitute for the natural lens of the eye;

(i) "incidence" means number of new cases of a disease or condition over a period of time as a proportion of the population at risk at midpoint;

(j) "Intra Capsular Cataract Extraction" or "ICCE" means cataract treatment by removing the entire lens, including its surrounding capsule;

(k) "Madhya Pradesh" means the Borrower's state of Madhya Pradesh, or any successor thereto;

(l) "Maharashtra" means the Borrower's state of Maharashtra, or any successor thereto;

(m) "NGO" means non-governmental organization;

(n) "NPCB" means the Borrower's National Program for the Control of Blindness;

(o) "Orissa" means the Borrower's state of Orissa, or any successor thereto;

(p) "PHC" means Primary Health Center;

(q) "prevalence" means the number of cases of a disease or condition at a given point in time as a proportion of the total population;

(r) "Project Agreement" means the agreement between the Association and the Project States as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(s) "Project State" means Andhra Pradesh, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu or Uttar Pradesh as the context shall require; and "Project States" means, collectively, the States of Andhra Pradesh, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu and Uttar Pradesh;

(t) "Rajasthan" means the Borrower's state of Rajasthan, or any successor thereto;

(u) "remote area" means an area identified as such by a Project State based, inter alia, on appropriate inaccessibility norms;

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

(w) "tribal area" means any area notified as such by a Project State;

(x) "Tamil Nadu" means the Borrower's state of Tamil Nadu, or any successor thereto; and

(y) "Uttar Pradesh" means the Borrower's state of Uttar Pradesh, or any successor thereto.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to eighty-five million three hundred thousand Special Drawing Rights (SDR 85,300,000).

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 a special deposit account in the Reserve Bank of India 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 4 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2001 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

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

Section 2.06 of this Agreement.

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

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on February 15 and August 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 February 15 and August 15 commencing August 15, 2004 and ending February 15, 2029. Each installment to and including the installment payable on February 15, 2014 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 of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, (i) shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and medical practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project; and (ii) without any limitation or restriction upon any of its other obligations under this Agreement, shall cause the Project States and the DBCSSs to perform in accordance with the provisions of the Project Agreement all the respective obligations of the Project

States and the DBCSs 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 the Project States and DBCSs 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 each Project State for such part of the Project as is carried out respectively by that Project State, in accordance with the Borrower's standard arrangements for developmental assistance to the States of India.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and 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 Section 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project shall be carried out respectively by the Project States pursuant to Section 2.03 of the Project Agreement.

ARTICLE IV

Financial and Other Covenants

Section 4.01. (a) The Borrower shall maintain records and accounts adequate to reflect in accordance with sound accounting practices the accounts and records of its departments and agencies responsible for the carrying out of the Project or any part thereof.

(b) The Borrower 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, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

Section 4.02. (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 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, 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) Any Project State shall have failed to perform any of its respective obligations under the Project Agreement.
- (b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that any Project State will perform its respective obligations under the Project Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely, that the event specified in paragraph (a) 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 the Project State.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following is specified as an additional matter, 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, namely, that the Project Agreement has been duly authorized or ratified by each Project State and is legally binding upon it 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 provisions of Section 5.02 of this Agreement shall cease and determine on the date on which this 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. The Secretary, Additional 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:

ECOFAIRS
New Delhi

Telex:

953-3166175

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)

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/ N. Valluri

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ D. Joseph Wood
Regional Vice President
South 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:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	8,000,000	80%
(2) Equipment, materials, supplies and vehicles	33,300,000	100% of foreign expenditures, 100% of local expenditures, (ex-factory cost) and 80% of local expenditures for other items procured locally
(3) Publicity services, services of NGOs; grants to NGOs under Part A (7); and incremental operating and maintenance costs	20,900,000	75%
(4) Consultants' services, training	3,400,000	80%
Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(5) Salaries of incremental staff	14,500,000	90% of expen- ditures during the first three financial years commencing Credit effec- tiveness; 75% of such expendi- tures during the fourth and fifth financial years and 60% of such expen- ditures there- after
(6) Unallocated	5,200,000	
TOTAL	85,300,000 =====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other

than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

(c) the term "incremental salaries" means expenditures in respect of salaries paid to staff appointed to posts established under the Project on or after April 1, 1994; and

(d) the term "incremental operating and maintenance costs" means operating and maintenance costs, including in respect of vehicles, incurred under the Project on or after April 1, 1994.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made (a) for expenditures prior to the date of this Agreement except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 3,600,000 may be made on account of payments made for expenditures before that date but after March 1, 1993; and (b) in respect of any expenditure incurred in any district unless the provisions of paragraph 3 (a) of Schedule 2 to the Project Agreement has been complied with, in respect of that district.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods, services or works under contracts not exceeding \$100,000 equivalent under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The main objectives of the Project are to upgrade the quality of cataract surgery, expand the coverage of NPCB to underprivileged areas in the Project States with special attention to effective delivery of services to women as well as to tribal and remote areas, and to reduce prevalence of cataract blindness by over 50% and incidence of bilateral blindness by over 30%, against rates reported by Project States in the NPCB Report of 1993.

The Project consists of the following parts, subject to such modifications as may be agreed upon between the Borrower and the Association from time to time:

Part A: Enhancing Quality of Care and Expanding Service Delivery

Improvement of the physical, technical and managerial capabilities of different service delivery facilities including government facilities, non-governmental organizations and private practitioners, to provide high quality cataract treatment in situ or through camps, using visual improvement and patient satisfaction as indicators of success, inter alia by:

(1) Team Approach to Surgery: Implementation of a team approach to service delivery requiring that cataract surgeries be undertaken by surgical teams, as well as medical staff, equipment and consumables necessary to ensure the highest quality outcomes;

(2) Technical Standards: Adoption and subsequent implementation of appropriate technical standards to ensure the highest quality cataract surgery outcomes, including (a) guidelines requiring full disclosure to patients regarding the risks involved in cataract surgery adequate to obtain the informed consent of patients; (b) diagnostic guidelines and screening techniques; (c) minimum acceptable surgical standards, including number of stitches required; (d) the requirement that unilateral cases may be treated only if ECCE with IOL can be done; (e) limiting ECCE/IOL surgeries to health care facilities that are not mobile, or that have been previously approved by the relevant DBCS; and (f) establishing operational guidelines for conducting camps for providing cataract blindness control services;

(3) Norms for Service Delivery: Adoption and subsequent implementation of norms for delivery of cataract blindness control services and the provision of training adequate to ensure optimal utilization of new and existing facilities for cataract surgery, increased productivity of ophthalmic personnel, and easier access to service for patients;

(4) Strengthening Service Capacity and Improving Efficiency: Strengthening selected cataract surgery facilities (including selected PHCs and CHCs with operating theaters, district mobile units, district hospitals, selected medical colleges and selected regional institutes of ophthalmology), by providing to each such facility necessary staff and a complete package of inputs required for high quality surgery including, inter alia, an operating theater, a ward with an average of 15 beds and related inputs, a "medical team", specified medical equipment and consumables and a mobile unit as well as, for PHCs, a dark room and refraction equipment;

(5) ECCE/IOL: Provision of necessary additional inputs to perform ECCE/IOL to about 30 medical colleges and about 220 district hospitals which adopt and implement the technical standards and guidelines established under Parts A (2) and A (3) of the Project;

(6) Camps: Rationalization of procedures for operating camps providing cataract blindness control services, so as to ensure, inter alia, that such camps function on a fixed schedule and in accordance with applicable NPCB norms;

(7) Non-Governmental Organizations: Creating an enabling environment for the participation of non-governmental organizations in the delivery of cataract blindness control services including by (a) the provision of grants to selected non-governmental organizations for expansion of such services; (b) the provision of financial assistance to private ophthalmologists as seed money to establish practice in under-served towns with populations of less than 50,000 people; (c) the provision of grants to selected non-governmental ophthalmic hospitals in under-served towns with populations less than 50,000 people on a pilot basis; (d) service contracts with private physicians for provision of such services in under-served urban slums as well as tribal and other remote areas; and (e) payments, as well as provision in selected cases of manpower and material commensurate with the number of surgeries to be performed, to NGOs for service delivery through camps;

(8) Tribal and Remote Populations: Expansion of the provision of cataract blindness control services to tribal populations as well as populations located in remote areas, inter alia, by strengthening facilities in peripheral locations, intensifying outreach activities, and providing transportation and financial support to potential beneficiaries; and

(9) Beneficiary Assessments: Carrying out assessments on an annual basis to monitor patient satisfaction with staff trained in the technique of rapid skills assessment.

Part B: Developing Human Resources for Eye Care

(1) Training: Training of ophthalmologists and selected health care professionals as trainers, as well as selected practicing ophthalmologists from the voluntary and private sectors, to develop or upgrade their surgical skills relevant to ECCE and ICCE and familiarize them with new technical standards and norms implemented under the Project;

(2) Training of Allied Personnel: (i) Training of allied personnel relevant to cataract surgery including operating theater personnel in managing their tasks as a team; (ii) training of ophthalmic assistants and health assistants; and

(3) Management Training: Provision of management training

for managers of District Blindness Control Societies, and other officials carrying out management functions under the Project.

Part C: Promoting Outreach Activities and Public Awareness:

Developing public awareness about the curability of cataract blindness and availability of services, facilitating access to surgery and developing trust in the service delivery system, focussing in particular on women, tribal groups and remote populations, inter alia by:

(1) Outreach: (a) Organizing outreach and screening camps with adequate community participation, by non-governmental organizations as well as by governments; (b) having ophthalmic and health assistants undertake screening of cataract blindness as part of their general duties; (c) involving "satisfied customers" and "temporary outreach workers" in outreach campaigns; (d) promoting NPCB in schools by creating awareness of the problem of cataract blindness among teachers and students; and (e) facilitating access to and use of cataract blindness control services by providing transportation costs and or reimbursement of expenses incurred by patients in traveling from remote areas; and

(2) Information, Education and Communication (IEC): (a) Developing a recognizable identity for NPCB through selective media exposure on television, radio and newspapers, workshops and conferences and through logos and messages that convey the mission of NPCB; (b) developing community-based messages through systematic gathering of "content material" meaningful to the target audience; (c) designing media and communications packages and strategies to address deterrents to surgery in differing social contexts; and (d) the development of culturally sensitive messages for women, tribals and other remote communities.

Part D: Building Institutional Capacity

Strengthening institutional capacity for eye care at the national, state and district levels, developing collaborative mechanisms for cooperation between government and voluntary and private sectors at all three levels; introducing monitoring and feedback mechanisms to facilitate Project implementation and maintain quality control; and building institutional capacity for human resource development, inter alia, by:

- (1) strengthening the national program management unit in the Borrower's Ministry of Health;
- (2) establishing and strengthening state ophthalmic cells in each Project State;
- (3) establishing DBCSs in each district where the Project is to be carried out in each Project State with a view to decentralize authority and accountability for Project implementation at the district level;
- (4) implementation of an appropriate system for rewarding superior performance at all staff levels under the Project;
- (5) establishment of a consortium of non-governmental organizations to provide comments, and advise on, Project implementation as well as inclusion of representatives of non-governmental organizations in Project implementation units as appropriate;
- (6) building capacity for monitoring quality of Project implementation including establishing and operating a management information system (MIS) linked to the Borrower's national information network (NICNET) to capture essential information on Project implementation and monitoring;

- (7) provision of technical assistance to selected training institutes, non-governmental organizations, medical colleges and training centers to strengthen their capacity to provide training for ECCE with IOL and comprehensive eye care, for strengthening managerial capacity at all levels; and for developing local capacity to carry out beneficiary assessments; and
- (8) carrying out operations research to provide feedback on Project implementation in selected areas.

* * *

The Project is expected to be completed by December 31, 2000.
SCHEDULE 3

Implementation Program

1. NPCB: The Borrower shall carry out, and cause the States to carry out, the NPCB.
2. Technical Standards: The Borrower shall ensure, or cause to be ensured, that the Project is implemented in accordance with technical standards and procedures acceptable to the Association, adequate to ensure the delivery of high quality cataract blindness control services.
3. Project Management: (a) The Borrower shall maintain (i) the National Blindness Control Board; (ii) a Central Project management unit; (iii) a Project Coordination Committee; and (iv) a Technical Advisory Committee to advise on Project management, each with staff and terms of reference satisfactory to the Association.

(b) The Borrower shall appoint all designated staff of the Central Project management unit by September 30, 1994.
4. Training: The Borrower shall: (a) by July 31, 1994 develop a standard curriculum for a program to train trainers; (b) by August 31, 1994 develop a standard curriculum for the program to train remaining categories of staff; (c) by August 31, 1994 enter into contracts with trainers selected under the Project and approve lists of trainees for the program to train trainers; and (d) thereafter implement the training programs referred to in this paragraph.
5. Reviews: Without limiting the generality of any other provision of this Agreement, and on the basis of procedures and criteria satisfactory to the Association, the Borrower shall, with necessary participation of Project States: (a) review with the Association by April 30 each year the progress of Project implementation over the previous 12 months and prepare an annual work plan for the following year based on the results of such review; (b) review with the Association every two years technical and operational aspects of Project implementation including cost recovery mechanisms and expenditure priorities in ophthalmology; and (c) thereafter take into account the findings of such review during further implementation of the Project.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:
 - (a) the term "eligible Categories" means Categories (1), (2), (3), (4) and (5) 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 \$5,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

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

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(i) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(ii) once the total unwithdrawn amount of the Credit allocated to the eligible Categories less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the respective General Conditions with respect to the Project, shall equal 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 an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

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

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

