

CONFORMED COPY

CREDIT NUMBER 3340 IN

Development Credit Agreement

Immunization Strengthening Project

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 19, 2000

CREDIT NUMBER 3340 IN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 19, 2000, 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 jointly by the Borrower and the Project States (as hereinafter defined) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to the Project States a part of the proceeds of the Credit as provided in this Agreement; and

(C) the Borrower intends to obtain from each of the Project States certain undertakings in respect of the carrying out of their respective portions of the Project.

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement.

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions: Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through December 2, 1997), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

(a) A new paragraph (c) is added to Section 3.04 to read:

"If the Association shall at any time receive less than the full amount then due and payable to it under the Development Credit Agreement, the Association shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Development Credit Agreement as the Association shall in its sole discretion determine.;" and

(b) Section 11.01 is modified by replacing, in the second sentence, the word "radiogram" with the word "facsimile" and adding a new sentence at the end of the said Section to read:

"Deliveries made by facsimile transmission shall also be confirmed by mail."

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) "District" means an administrative unit or a municipal corporation within a Project State (as hereafter defined), including any successors thereto;

(b) "Eligible Categories" means categories 1 through 4 and set forth in the table in Part A.1 of Schedule 1 to this Agreement, in respect of the Special Account;

(c) "Eligible Expenditures" means the expenditures for goods and services referred to in Section 2.02;

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

(e) "Letter of Undertaking" means the Letter of Undertaking to be executed and furnished to the Borrower by each of the Project States (as hereafter defined) pursuant to Section 3.01 (b) of this Agreement;

(f) "MIS" means the Project's Management Information System;

(g) "MOHFW" means the Borrower's Ministry of Health and Family Welfare;

(h) "NID" or "National Immunization Day" means a day or days declared to be a day of national immunization by the Borrower for polio immunization of all children under five;

(i) "PIP" means the Project Implementation Plan for the carrying out of the Project, dated March 15, 2000 and approved by the Association;

(j) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;

(k) "Project State" means any State or Union Territory of the Borrower, including any successor or successors thereto, which participates in the Project and from which the Borrower has obtained a Letter of Undertaking;

(l) "Project Focus States" means the states of Assam, Bihar, Gujarat, Madhya Pradesh, Orissa, Rajasthan, West Bengal and Uttar Pradesh which have low immunization coverage;

(m) "Reproductive and Child Health Project" means the Project financed under Interim Fund Development Credit Agreement N018-IN dated July 30, 1997 between India and the Association acting as Administrator of the Interim Trust Fund;

(n) "Scheduled Tribes" means the population groups specified as "Scheduled Tribes" pursuant to Article 342 of the Constitution of India;

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

(p) "Sub-NID" or Sub-National Immunization Day" means a day or days declared to be a day of national immunization by the Borrower for polio immunization of all children under 5 in selected States; and

(q) "UNICEF" means the United Nations Children's Fund.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to one hundred and six million five hundred thousand Special Drawing Rights (SDR106,500,000).

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 may, for the purposes of the Project, open and maintain in dollars a separate 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 Part B of Schedule 1 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2004 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

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

(b) The commitment charge shall accrue:

(i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and

(ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid:

(i) at such places as the Association shall reasonably request;

(ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and

(iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

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

Section 2.06. Commitment charges and service charges shall be payable semiannually on April 15 and

October 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 15 and October 15 commencing October 15, 2010 and ending April 15, 2035. Each installment to and including the installment payable on April 15, 2020 shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) of such principal amount.

(b) Whenever:

(i) the Borrower's per capita gross national product (GNP), as determined by the

Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and

(ii) the Bank shall consider the Borrower creditworthy for Bank lending, the

Association may, subsequent to the review and approval thereof by the

Executive Directors of the Association and after due consideration by them of the

development of the Borrower's economy, modify the repayment of installments under

paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such

installment not yet due until the principal amount of the Credit shall have been

repaid; and (B) requiring the Borrower to commence repayment of the principal amount of

the Credit as of the first semiannual payment date referred to in paragraph (a)

above falling six months or more after the date on which the Association notifies the

Borrower that the events set out in this paragraph (b) have occurred, provided, however,

that there shall be a grace period of a minimum of five years on such repayment of

principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in

paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments,

the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit

withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such

revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association

determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so

requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments

as provided in paragraph (a) above.

Section 2.08. The currency of the United States

of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Execution of the Project

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

(b) Without limitation upon any provisions of this Agreement, the Borrower shall cause each Project State to carry out its respective portion of the project in accordance with a Letter of Undertaking satisfactory to the Association to be executed and furnished to the Borrower by each Project State, and also in accordance with the provisions set forth in Schedule 4 to this Agreement.

(c) Without limitation upon any of its obligations under this Agreement, the Borrower:

(i) shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable each Project State to perform the obligations of such Project State set forth in the Agreement and in its Letter of Undertaking; and

(ii) shall not take or permit to be taken any action which would prevent or interfere with such performance.

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

(e) The Borrower shall make part of the proceeds of the Credit available to each Project State for such parts of the Project as are to be carried out by such Project State in accordance with the Borrower's standard arrangements for development assistance to the States or Union Territories, as the case may be.

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

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

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

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

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each fiscal year audited, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year:

(A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited; and

(B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of Project Management Reports or statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;

(ii) retain, 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, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

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

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the Project Management Reports or 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.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Borrower, not later than April 1, 2001, or such later date as the Association shall agree, to prepare quarterly Project management reports, acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report; and

(B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;

(ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report; and

(B) explains variances between the actual and previously forecast implementation targets; and

(iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.



(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Borrower shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

## ARTICLE V

### Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) Any Project State shall have failed to perform any of its obligations under its respective Letter of Undertaking.

(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 be able to perform its obligations under its respective letter of Undertaking.

(c) The Borrower shall have waived or failed to enforce any of the provisions of any Letter of Undertaking.

(d) Any Letter of Undertaking shall have been amended, suspended, abrogated or repealed so as to adversely affect the Project.

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

## ARTICLE VI

### Termination

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

Section 6.02. The obligations of the Borrower under Schedule 4 of this Agreement shall cease and determine on the date on which this Agreement shall terminate or on the date twenty (20) years after the date of this Agreement, whichever shall be the earlier.

## ARTICLE VII

### Representative of the Borrower; Addresses

Section 7.01. Any Secretary, Additional Secretary, Joint Secretary, Director Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Borrower is

designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

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

For the Borrower:

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

Cable address:	Telex:
Facsimile:	
91113013404	ECOFAIRS 953-3166175
	New Delhi

For the Association:

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

Cable address:	Telex:
Facsimile:	
or (202) 477-6391	INDEVAS 248423 (MCI)
	Washington, D.C. 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 New Delhi, India, as of the day and year first above written.

INDIA

By /s/ R. S. Sharma  
Authorized Representative

ASSOCIATION

INTERNATIONAL DEVELOPMENT

By /s/ Edwin R. Lim  
Country Director, India

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

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

% of Expenditures to be Financed	Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)
(1) 90%	Polio Eradication Activities under Part A of the Project	70,800,000
(2) 90%	Goods under Parts B and C of the Project (including pharmaceuticals, vehicles, equipment, MIS/IEC materials and supplies)	22,800,000
(3) 100%	Training and Consultants and NGO Services (including studies)	5,100,000
(4) 80% of expenditures through August 31, 2001; from September 1, 2001 to August 31, 2002; and 50% of expenditures thereafter	Incremental Operating Costs	1,200,000
		70% of expenditures from September 1, 2001 to August 31, 2002; and 50% of expenditures thereafter
(5)	Unallocated	6,600,000
	TOTAL	106,500,000

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 "polio eradication activities" means expenditures under Part A of the Project

incurred for polio vaccine, training, orientation, honorarium, consultant services, IEC material and services and mobility support; and

(d) the term "incremental operating costs" means expenditures under Parts B and C of the Project incurred in respect of hiring, maintenance and operation of vehicles, consumables, fuel and handling charges to States and Medical Stores Depots, travel and mobility support and equipment operations and maintenance, as well as cost of salaries and allowances of additional staff employed by agencies approved by the Association to serve as procurement agents for purposes of the Project who are engaged on a full time basis in the implementation of the Project, and cost of the operation and maintenance of additional equipment, vehicles and offices incurred by such agencies for purposes of implementing the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR10,500,000, may be made on account of payments made for expenditures before that date but after March 15, 2000;

(b) expenditures incurred in, or by, any Project State (i) unless that Project State has executed a Letter of Undertaking satisfactory to the Association; and (ii) unless the Association has notified the Borrower that such Project State is in full compliance with the audit covenants under the Reproductive and Child Health Project.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods (except vehicles) under contracts costing less than \$300,000 equivalent each, vehicles under contracts costing less than \$100,000 equivalent each, and services under contracts not exceeding \$100,000 equivalent for employment of consulting firms and \$50,000 equivalent for employment of individual consultants, and for training and incremental operating costs and polio eradication activities, all under such terms and conditions as the Association shall specify by notice to the Borrower.

#### B. Special Account

1. The Borrower shall open and maintain in the Reserve Bank of India a special deposit account on terms and conditions satisfactory to the Association.

2. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into the Special Account shall be made as follows:

(a) until the Association shall have received:

(i) the first Project Management Report referred to in Section 4.02(b) of this Agreement; and

(ii) a request from the Borrower for withdrawal on the basis of Project Management Reports, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) upon receipt by the Association of a Project Management Report pursuant to Section 4.02(b) of this Agreement, accompanied by a request from the Borrower for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

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

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

(a) if the Association determines at any time that any Project Management Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

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

(c) if the Borrower shall have failed to furnish to the Association within the period of time specified in Section 4.01(b)(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of (A) the records and accounts for the Special Account or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

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

6. (a) If the Association determines at any time that any payment out of the Special Account was made

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

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

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

(d) Refunds to the Association made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

#### Annex A to SCHEDULE 1

Operation of Special Account when Withdrawals are not made on the Basis of Project Management Reports

1. For the purposes of this Annex:

(a) the term "Authorized Allocation" means an amount equivalent to \$4,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 2 of this Annex.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

(b) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposit into the Special Account at such intervals as the Association shall specify. Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of

which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.

3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

#### Annex B to SCHEDULE 1

##### Operation of Special Account when Withdrawals are made on the Basis of Project Management Reports

1. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.

2. Each application for withdrawal from the Credit Account for deposit into the Special Account shall be supported by a Project Management Report.

3. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account an amount equal to the lesser of:

(a) the amount so requested; and

(b) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the Special Account, shall not exceed the equivalent of \$8,000,000.

#### SCHEDULE 2

## Description of the Project

The objective of the Project is to: (a) eradicate poliomyelitis; and (b) reduce vaccine-preventable diseases by strengthening the Borrower's immunization program. The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

### Part A: Polio Eradication

Provision of polio vaccines and support for social mobilization for NIDs, Sub-NIDs and related "mop-up" activities.

### Part B: Strengthening Routine Immunization

#### 1. Strengthening by MOHFW and Project States of:

- (a) program management capacity and processes;
- (b) human resource development through training and technical support;
- (c) program monitoring through computerization and regular reviews; and
- (d) cold chain and injection safety equipment and its maintenance.

#### 2. Strengthening the service delivery capacity of the Project Focus States.

### Part C: Strategic Framework Development

Provision of support for the development of a strategic framework to deal with Vaccine Preventable Diseases through research studies and evaluations, preparation of reports, workshops, seminars and consensus-building meetings and for activities related to disease surveillance.

\* \* \* \* \*

The Project is expected to be completed by December 31, 2003.

## SCHEDULE 3

### Procurement and Consultants' Services

#### 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, September 1997 and January 1999 (the Guidelines) and the following provisions of this Section I.

##### 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.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$300,000 equivalent per contract, up to an aggregate amount not to exceed \$4,450,000 equivalent, may be procured under contracts awarded in accordance with procedures satisfactory to the Association.

2. National Shopping

Goods or groups of goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$1,250,000 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

(a) Oral polio vaccines, estimated to cost up to an aggregate amount not to exceed the equivalent of \$101,400,000, may be procured through UNICEF in accordance with the provisions of paragraph 3.7 of the Guidelines.

(b) Contracts for: (i) small group of items such as furniture, equipment, MIS/IEC materials and supplies costing \$10,000 equivalent or less per contract, up to an aggregate amount not to exceed \$150,000 equivalent; and (ii) polio eradication activities costing \$30,000 equivalent or less per contract, up to an aggregate amount not to exceed \$6,100,000 equivalent, may be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

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

2. Prior Review

(a) With respect to each contract for goods awarded under international competitive bidding procedures, the provisions set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to the first contract for goods/pharmaceuticals awarded under national competitive bidding procedures, the provisions set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999, (the Consultant Guidelines), and the following provisions of this Section II.

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 for services estimated to cost less than \$200,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

## 1. Single Source Selection

(a) Services which meet the requirement of paragraph 3.9 of the Consultants Guidelines and which are estimated to cost less than \$100,000 equivalent per contract, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

(b) NGO contracts for service delivery including the transportation of vaccine and social mobilization estimated to cost less than \$100,000 equivalent per contract may be procured in accordance with the provisions of paragraph 3.14 of the Consultants Guidelines.

## 2. Individual Consultants

Services for tasks 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 paragraphs 5.1 through 5.3 of the Consultant Guidelines.

## 3. Service Delivery Contractors

Services for strengthening routine immunization and development of strategic framework estimated to cost less than \$100,000 equivalent per contract may be procured in accordance with the provisions of paragraph 3.19 of the Consultants Guidelines.

Part D: Review by the Association 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 Association 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 Association, and with the provisions of said paragraph 1.

### 2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$200,000 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.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

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

SCHEDULE 4

Implementation Program

1. Monitoring and Evaluation and Review

The Borrower shall:

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

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about September 30, in each year a report integrating 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 previous year and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the following year; and

(c) review with the Association, by October 31, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, 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 said report and the Association's views on the matter.

2. Project Implementation Plan

The Borrower shall implement its national immunization program in accordance with its Project Implementation Plan (PIP) dated March 15, 2000 and shall carry out the Project in accordance therewith. The Borrower shall ensure that each Project State carries out its activities under the Project in accordance with the PIP.

3. Resources

The Borrower shall allocate each year sufficient resources for the Borrower's childhood immunization program.

4. Program

The Borrower, by no later than June 30, 2002, shall provide a statement of the guiding principles for adding new vaccines to the program at state or national level.

5. Financial Management

For the purpose of strengthening the financial management capacity of the reproductive and child health program, of which immunization is an integral part, the Borrower shall, and shall cause each Project State to, engage a financial manager assisted by adequate staff with skills, qualifications and experience acceptable to the Association.

6. Tribal Strategy

The Borrower shall, and shall cause each Project Focus State to, implement the Project in any tribal areas (as designated by such Project Focus State in accordance with applicable laws) in accordance with procedures and delivery strategies acceptable to the Association.

7. Staffing

The Borrower shall ensure that each Project Focus State shall:

(a) appoint, by no later than December 31, 2000, and thereafter maintain staff, with adequate skills, experience and qualifications, to no less than 80 percent of sanctioned positions for the Family Welfare Program at State and district level, and designate in each district an officer to be responsible for immunization.

(b) ensure, that: (i) by December 31, 2002 at least 80 percent of sanctioned positions for auxiliary nurse midwives are filled in each Project Focus State;

(ii) and, for this purpose, if an adequate number of candidates are not available to fill such positions, recruit into government training institutions by March 31, 2001, sufficient candidates to fill the aforesaid percentage of positions.

8. Community Clinic Sessions

The Borrower shall, or shall cause the Project Focus States to, ensure that at least 60% of planned community clinic sessions providing routine immunization and reproductive health services are held in districts agreed from time to time between the Borrower, the respective Project Focus State and the Association.

9. Letter of Undertaking

Except as the Association shall otherwise agree, each Letter of Undertaking shall include, inter alia, the following provisions:

(a) Each Project State shall declare its commitment to the objectives of the Project as set

forth in Schedule 2 to this Agreement, and to that end, it shall agree to undertake its portion of the Project with due diligence and efficiency and in conformity with appropriate health and family welfare practices, and to provide, promptly as needed, the funds, facilities, services and other resources required therefor.

(b) Each Project State shall agree to assume all the obligations applicable or relevant to the Project States under this Agreement and to take all actions necessary to undertake its portion of the Project. Each Project State shall further agree to carry out its activities under the Project in accordance with PIP.

(c) Each Project State shall undertake to procure the goods and consultants' services required for the Project and to be financed out of the proceeds of the Credit under this Agreement in accordance with the provisions of Schedule 3 to this Agreement.

(d) Each Project State shall agree that the Borrower or the Association may from time to time inspect the goods and services under the Project including all records and documents relating thereto.

(e) Each Project State shall agree to assume and undertake the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) of the General Conditions in respect of its Letter of Undertaking and its portion of the Project.

(f) Each Project State shall agree to assume and undertake to comply or assist the Borrower in complying with the financial covenants prescribed by Article IV of this Agreement.

(g) Each Project State shall agree that the Borrower may suspend or terminate its right to use the proceeds of the Credit made available under this Agreement upon its failure to perform any obligations under its Letter of Undertaking or upon notice by the Association that it intends to exercise its remedies under Article V of this Agreement.

(h) Each Project State shall agree promptly to inform the Borrower and the Association of any condition which interferes or threatens to interfere with the progress of its portion of the Project, the accomplishment of the purposes of the Credit under this Agreement, or the performance of its obligations under its Letter of Undertaking.

(i) Each Project State shall agree that it shall, from time to time, at the request of either the Borrower or the Association:

(i) exchange views with the Borrower and/or the Association (through the Borrower) with regard to the progress of carrying out activities under its portion of the Project, its performance under its Letter of Undertaking and other matters relating

to the purposes of the Credit under this Agreement;  
and

(ii) furnish all such information related thereto as may reasonably be required by the Association.

(j) Each Project State shall agree to maintain its existing Project Management/Steering/Coordinating Committee to oversee Project activities within such Project State and to coordinate Project activities with the Borrower's Interministerial Steering Committee and Project Management Committee.

(k) Except as the Borrower and the Association shall otherwise agree, each Project State shall agree either to:

(i) utilize the services of the national-level Procurement Support Agency (PSA);

(ii) engage a State-level Procurement Support Agency with terms of reference, resources and staff satisfactory to the Borrower and the Association; or

(iii) in the case of those Project States with existing procurement units acceptable to the Borrower and Association, utilize such existing procurement units, for procuring the goods and consultants' services required for the Project.

(l) Each Project State shall agree to establish a mechanism acceptable to the Borrower and the Association for the transfer of funds from the State level to the project implementing agencies at District or institutional levels.

#### 10. Annual Review and Work Plan

The Borrower shall:

(a) by September 30 of each year during the implementation of the Project beginning with September 30, 2000:

(i) provide to the Association an annual work plan, acceptable to the Association, setting forth the activities (including pilot projects and studies) under the Project to be carried out during the following year including financial allocations to be made available for such purpose, as well as the performance benchmarks and development objectives to be achieved and drawn from the overall framework agreed to be achieved under the Project; and

(ii) review with the Association the progress achieved in implementing the Project under the annual work plan for the previous year and the achievement of the performance benchmarks and development objectives incorporated therein;

(b) allocate Project funds for each year taking into account (a) in the case of certain states, the previous years performance; and (b) criteria acceptable to the Association; and

(c) implement each annual work plan in a manner satisfactory to the Association.

