Financing Agreement

(Accelerating Universal Access to Early and Effective Tuberculosis Care Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 30, 2014
FINANCING AGREEMENT

AGREEMENT dated May 30, 2014, entered into between INDIA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) the Recipient, through MOHFW, has established and is implementing the Revised National Tuberculosis Control Program’s National Strategic Plan for Tuberculosis Control, 2012-2017, dated January 9, 2013 ("the Program"), aimed at accelerating universal access to quality TB diagnosis and treatment for all TB patients in the community;

(B) the Recipient, through MOHFW, has entered into a memorandum of understanding with each of its states and union territories for carrying out certain activities under the Program, and providing financing for this purpose (each, an "MoU"); and

(C) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement ("Project"), has requested the Association to assist in the financing of the Project.

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend financing to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty five million Special Drawing Rights (SDR 65,000,000) (variously, "Credit" and "Financing"), to assist in financing the Project.
2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are April 1 and October 1 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project through MOHFW in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out; and

(b) the Recipient or any of its states or union territories amends, abrogates or waives, or permits to be amended, abrogated or waived any provision of any MoU so as to materially and adversely affect the ability of the Recipient or any of its states or union territories to carry out the Program.
4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in paragraph (b) and Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is any of the following officials, acting severally; the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs of the Recipient’s Ministry of Finance.

6.02. The Recipient’s Address is:

   Secretary  
   Department of Economic Affairs  
   Ministry of Finance  
   Government of India  
   North Block  
   New Delhi 110 001, India

   Facsimile:  
   +91-11-23094075

6.03. The Association’s Address is:

   International Development Association  
   1818 H Street, N.W.  
   Washington, D.C. 20433  
   United States of America
Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.

AGREED at New Delhi, India, as of the day and year first above written.

INDIA
By
Authorized Representative
Name: Nilaya Mitash
Title: Joint Secretary (M1)

INTERNATIONAL DEVELOPMENT ASSOCIATION
By
Authorized Representative
Name: Michael Haney
Title: Operations Adviser
SCHEDULE 1

Project Description

The objective of the Project is to support the aims of the Program to expand the provision and utilization of quality diagnosis and treatment services for people suffering from TB.

The Project constitutes part of the Program, and consists of the following parts:

Part 1: New strategies to reach more TB patients with earlier and more effective care in the public and private sectors

Supporting activities at the national level through, *inter alia*, provision of technical assistance, diagnostics and anti-tuberculosis medicines, all contributing to strategies aimed at increasing the number of TB patients receiving timely and effective care, including: (a) reaching patients seeking care in the private sector; (b) expanding urban TB services; (c) improving ease of access to diagnosis of drug-sensitive and drug-resistant TB; (d) leveraging information technology; and (e) improving knowledge base and dissemination.

Part 2: Scale-up and improve diagnosis and treatment of drug-resistant TB

Supporting activities at the national level through, *inter alia*, provision of technical assistance, diagnostics and anti-tuberculosis medicines, all contributing to expanding the reach and effectiveness of drug-resistant TB services, including: (a) increasing capacity to manage and deliver drug-resistant TB services; (b) expanding access to drug-resistant TB diagnosis services; and (c) expanding drug-resistant TB treatment services.

Part 3: Expand public TB services integrated with the primary health care system

Supporting activities at the national level through, *inter alia*, provision of technical assistance, diagnostics and anti-tuberculosis medicines, all contributing to expanding and improving public sector TB services closely integrated with the Recipient’s primary health care system, including: (a) developing TB program management capacity; (b) integrating TB program management with district and sub-district primary health care management structures and expanding TB services; (c) strengthening and developing TB services and implementation strategies for vulnerable and targeted groups; and (d) improving communication and mobilization strategies.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain throughout the period of Project implementation a Central TB Division within the MOHFW, in form and with functions, staffing and resources satisfactory to the Association.

2. Without limitation to the provisions of sub-paragraph 1 of this Section I.A, the Central TB Division shall be responsible for, inter alia: (a) policy implementation, technical oversight, medicine and drug quality assurance, monitoring and evaluation and capacity-building; (b) planning and budgeting, financial management, procurement, and environmental and social safeguards management; and (c) coordination with external partners and other governmental departments, in each case in a manner satisfactory to the Association.

3. The Recipient, through MOHFW, shall maintain each of the MoUs referred to in Whereas (B) of this Agreement, including the obligation of its states and union territories to maintain units at the state, district and sub-district level, in form and with functions, staffing and resources satisfactory to the Association, for the purpose of, inter alia, supporting and monitoring Project implementation.

4. The Recipient shall retain the services of one or more qualified and competent procurement agents under terms of reference acceptable to the Association (which shall include procuring all anti-TB and other drugs and medical supplies financed by the Project) throughout Project implementation or until such time as MOHFW has established and made operational a central procurement agency in form and with functions, staffing and resources satisfactory to the Association.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. The Recipient shall carry out the Project in accordance, and consistent, with the provisions of the Environmental and Bio-medical Waste Management Plan and the Social Action Plan.

2. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the Environmental and Bio-medical Waste Management Plan or the Social Action Plan or any provision thereof: without prior approval by the Association; and unless the Recipient has complied with the same
consultation and disclosure requirements as applicable to the original adoption of said plans.

3. Without limitation to the provisions of Section II.A of this Schedule 2, the Recipient shall take all measures necessary on its part to collect, compile, and submit to the Association a written report at the completion of the Project, in form and substance satisfactory to the Association, containing information on the status of compliance with the Environmental and Bio-medical Waste Management Plan and the Social Action Plan and giving details of: (a) the measures taken in accordance with said plans; (b) conditions, if any, which interfere or threaten to interfere with the implementation of said plans (including grievances received); and (c) facilitation mechanisms for remedial measures taken or required to be taken to address such conditions.

D. Annual Work Plans and Budgets

1. The Recipient, through MOHFW, shall prepare and furnish to the Association not later than July 31 of each year during the implementation of the Project (or such later date as the Association may agree) for the Association's approval, a consolidated Annual Work Plan and Budget containing all eligible Project activities and expenditures at the central level proposed to be included in the Project for the following Recipient’s fiscal year, including any other activities and expenditures required for the efficient implementation of the Program in accordance with this Agreement.

2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets approved by the Association for the Recipient’s respective fiscal year; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail. The Recipient shall not make or allow to be made any change to the Annual Work Plans and Budgets without prior approval in writing by the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than sixty (60) days after the end of the period covered by such report.
B. **Financial Management, Financial Reports and Audits**

1. The Recipient, through MOHFW, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall, through MOHFW, prepare and furnish to the Association no later than sixty (60) days after the end of each semester, ending September 30 and March 31 of each year, interim financial reports covering the semester in form and substance satisfactory to the Association.

3. The Recipient, through MOHFW, shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.

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**Section III. Procurement**

A. **General**

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Credit shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Credit shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts...
specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions agreed to, from time to time, between the Recipient and the Association and referred to in the Procurement Plan; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (e) Direct Contracting; (f) Force Account; (g) Procurement from UN agencies; and (h) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the Association.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of UN agencies; (g) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (i) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

E. Others

The Recipient, through MOHFW, shall ensure that goods which are anti-TB and other drugs and medicines, and medical supplies shall be procured: (a) by a procurement agent meeting the requirements of Section I.A.4 of this Schedule, unless otherwise agreed by the Association; and (b) under contracts awarded on the basis of International Competitive Bidding, Limited International Bidding, National Competitive Bidding and Framework Agreement which meet quality requirements acceptable to the Association and set forth in the Procurement Plan.
Section IV. Withdrawal of the Proceeds of the Credit

A. General

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Credit ("Category"), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants' services, Operating Costs and Training for the Project</td>
<td>65,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>65,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 13,000,000 may be made for payments made prior to this date but on or after July 1, 2013, for Eligible Expenditures.

2. The Closing Date is March 31, 2017.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit Repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 1 and October 1:</td>
<td></td>
</tr>
<tr>
<td>Commencing October 1, 2019 to and including April 1, 2029</td>
<td>1.65%</td>
</tr>
<tr>
<td>Commencing October 1, 2029 to and including April 1, 2039</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “Annual Work Plan and Budget” means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.D of Schedule 2 to this Agreement.


3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. “Central TB Division” means the central TB division to be maintained by the Recipient in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto.

6. “Environmental and Bio-medical Waste Management Plan” means the Recipient’s environmental and bio-medical waste management plan, dated November 29, 2013, which, inter alia, incorporates the Indian Public Health Standards and the Infection Management and Environment Plan and delineates measures to mitigate the environmental impacts of the provision of TB services, as such plan may be updated from time to time with the prior approval of the Association.

7. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

8. “Indian Public Health Standards” means the Recipient’s standards for the provision of primary health care services, dated June 2012.


10. “MOHFW” means the Recipient’s ministry at the time responsible for health and family welfare.

11. “MoU” means each memorandum of understanding entered into between the Recipient, through MOHFW, and each of its states and union territories for carrying out certain activities under the Program, and providing financing for this
purpose, and referred to in the Whereas clause (B) of the Preamble of this Agreement.

12. "Operating Costs" means the reasonable costs of incremental expenditures incurred at the national level on account of Project implementation, management and monitoring, on the basis of the Annual Work Plans and Budgets, including, *inter alia*: (i) costs of incremental staff salaries (other than consultants); (ii) dissemination of Project related information; (iii) office rental and leasing operation and maintenance of equipment; (iv) office supplies and utilities; (v) travel and boarding/lodging allowances; (vi) leasing, operation and maintenance of vehicles; (vii) advertising and communication expenses; and (viii) bank charges.


14. "Procurement Plan" means the Recipient's procurement plan for the Project, dated January 13, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

15. "Program" means the program described in the Whereas clause (A) of the Preamble of this Agreement.

16. "Social Action Plan" means the Recipient's social action plan, dated November 29, 2013, which, *inter alia*, includes the Tribal Action Plan, and delineates strategies to achieve the objective of universal access to quality TB diagnosis and treatment for all TB patients with focus on special groups, including migrants and tribal groups, as such plan may be updated from time to time with the prior approval of the Association.

17. "Training" means the reasonable costs of training, carried out at the national level in accordance with the Annual Work Plans and Budgets, and attributable to travel and subsistence allowances for training participants seminars, workshops, study tours, rental of training facilities, services of trainers and presenters, preparation and reproduction of training materials, and other costs directly related to preparation and implementation of training programs.

18. "Tribal Action Plan" means the Recipient's tribal action, dated April 28, 2005, which, *inter alia*, delineates strategies to increase access to, and improve the use of, TB healthcare services by vulnerable groups including tribal populations, as such plan may be updated from time to time with the prior approval of the Association.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. Service Charge and Interest Charge

   (a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

   (b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

   “32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).