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LOAN NUMBER 9291-IN

# **Loan Agreement**

**(Meghalaya Health Systems Strengthening Project)**

**between**

**INDIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between INDIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS the Borrower has requested the Bank to contribute to the financing of a project to be implemented in Meghalaya for an overall cost currently estimated at \$50,000,000.

NOW, THEREFORE, the Borrower and the Bank hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 — LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of forty million Dollars (\$40,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

#### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

#### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Borrower'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 Borrower's Ministry of Finance.

- 5.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

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

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
+91-11-23094075	secy-dea@nic.in

- 5.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	wbindia@worldbank.org

AGREED as of the Signature Date.

INDIA

By



Authorized Representative

Name: RAJAT KUMAR MISHRA

Title: ADDITIONAL SECRETARY

Date: OCTOBER 28, 2021

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: JUNAID KAMAL AHMAD

Title: COUNTRY DIRECTOR, INDIA

Date: OCTOBER 28, 2021

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve management capacity, quality and utilization of health services in Meghalaya.

The Project consists of the following parts:

#### **Part 1: Improving accountability, management and strengthening governance**

Provision of performance-based financing to health agencies and health facilities.

#### **Part 2: Strengthening systems to improve the quality of health services**

- (a) Development and implementation of quality assurance programs including training, certification and quality tracking tools, and investments in the functionality of health services infrastructure, for district hospitals, CHCs and PHCs.
- (b) Provision of support for infection prevention and control, environmental and energy efficiency measures, and management of resources and biomedical waste at the health facility level.
- (c) Development of tools and provision of technical assistance including training and outsourcing to improve: (i) human resources supply, planning and management, (ii) in-service capacity-building, and (iii) pre-service education.
- (d) Strengthening of DoHFW's procurement of medicines and consumables and supply chain management at state and sub-state levels.
- (e) Provision of support for the design, development and piloting of innovative models for outreach and in service delivery, which may include use of telemedicine to connect PHCs for referral and tertiary care and use of commercial drones for emergency supplies.
- (f) Development of systems for, and provision of training and technical assistance to, the administrative structures responsible for health system management in planning, management and monitoring.
- (g) Provision of support for the management of the Project, including on its technical, fiduciary, safeguards management, monitoring and evaluation aspects.
- (h) Provision of support for information and communication technology (ICT) activities to improve overall efficiency and develop pilot innovative ICT solutions.

**Part 3: Increasing coverage and utilization of health services**

- (a) Assessment and strengthening of the Megha Health Insurance Scheme, including its organization and operation systems to improve coverage.
- (b) Support for innovation pilots in health and wellness centers and community-level interventions to strengthen primary care response.
- (c) Support for innovation pilots in community-level interventions to assess and improve gender equity in health services

**Part 4: Contingent Emergency Response**

Provision of immediate response to an Eligible Crisis or Emergency.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements.**

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity in accordance with the Borrower's standard arrangements for developmental assistance to the states of India. Notwithstanding the foregoing, in the event that any provision of this Agreement, including the instructions that the Bank shall have specified by notice to the Borrower pursuant to Section III.A of this Schedule 2, were to be found inconsistent with the Borrower's standard arrangements for development assistance to the states of India, the provisions of this Agreement and related instructions shall govern.
2. The Borrower shall at all times protect its own interests and the interests of the Bank to accomplish the purposes of the Loan.

##### **B. Environmental and Social Standards**

1. The Borrower shall cause the Project Implementing Entity to comply with its environmental and social obligations under or referred to in the Project Agreement.

#### **Section II. Project Monitoring, Reporting and Evaluation**

The Borrower shall cause the Project Implementing Entity to furnish to the Bank each Project Report not later than forty-five days after the end of each calendar semester (six-month period), covering the calendar semester.

#### **Section III. Withdrawal of Loan Proceeds**

##### **A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee and (ii) each Interest Rate Cap or Interest Rate Collar premium, in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, Minor Works, non-consulting services, consulting services, Incremental Operating Costs and Training and Workshops for Parts 2 and 3 of the Project	21,900,000	100%
(2) Performance Incentive Grants under Part 1 of the Project	18,000,000	100% of the amount disbursed
(3) Emergency Expenditures	0	
(4) Front-end Fee	100,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(5) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>40,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$3,000,000 may be made for payments made prior to this date but on or after the date one year prior to the Signature Date, for Eligible Expenditures under Category (1); or
  - (b) under Category (2) unless and until the Bank is satisfied, and has notified the Borrower and the Project Implementing Entity of its satisfaction, that: (i) the Project Implementing Entity has prepared, approved and adopted the Project Operation Manual (POM) in a manner and substance satisfactory to the Bank and (ii) an IPA has been entered into in accordance with Section I.C.2 of the Schedule to the Project Agreement; or
  - (d) for Emergency Expenditures under Category (3), unless and until the Bank is satisfied, and has notified the Borrower and the Project Implementing Entity of its



satisfaction, that all of the following conditions have been met in respect of said expenditures:

- (i) (A) the Borrower and/or the Project Implementing Entity have determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Loan amounts under Category (3), and (B) the Bank has agreed with such determination, accepted said request, and notified the Borrower and the Project Implementing Entity thereof; and
- (ii) the Project Implementing Entity has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.

- 2. The Closing Date is March 31, 2027.

**Section IV. Other Undertakings**

- 1. The Borrower shall, through the Project Implementing Entity, ensure that no drones are procured and/or used under the Project unless the Project Implementing Entity has implemented the risk mitigation measures pursuant to paragraph 1 of Section III of the Schedule to the Project Agreement, in form and manner satisfactory to the Bank.

### SCHEDULE 3

#### Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

##### Level Principal Repayments

Principal Payment Date	Installment Share
On each April 15 and October 15 Beginning April 15, 2027 through April 15, 2035	5.56%
On October 15, 2035	5.48%

## APPENDIX

### Definitions

1. "Anti-Corruption Guidelines" or "ACGs" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. "CERC Manual" means the manual referred to in Section I.E.1(a) of the Schedule to the Project Agreement, as such manual may be updated from time to time with the agreement of the Bank, and which is an integral part of the POM.
4. "CHC" means a community health center; and "CHCs" means more than one CHC.
5. "Contingent Emergency Response Part" means any activity or activities to be carried out under Part 4 of the Project to respond to an Eligible Crisis or Emergency.
6. "DoHFW" means the Project Implementing Entity's Department of Health and Family Welfare, or any successor thereto.
7. "Eligible Beneficiary" means a directorate, district health office, district hospital, health facility or community organization, or other potential beneficiary as further described in the POM, which has met the eligibility criteria and performance requirements specified in the POM, to benefit from a Performance Incentive Grant, and selected or to be selected to receive a Performance Incentive Grant in accordance with the procedure described in the POM; and "Eligible Beneficiaries" means, collectively, more than one Eligible Beneficiary.
8. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Project Implementing Entity, associated with a natural or man-made crisis or disaster.
9. "Emergency Action Plan" means the plan referred to in Section I.E.1 of the Schedule to the Project Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
10. "Emergency Expenditures" means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.E.1(a) of the Schedule to the Project Agreement, and required for the Contingent Emergency Response Part.

11. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated August 31, 2027, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
12. "Environmental and Social Standards" or "ESSs" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Bank.
13. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018 (revised on August 1, 2020 and on December 21, 2020).
14. "Incremental Operating Costs" means the incremental expenditures for salaries of contractual staff (other than consultants), per diems, office rental, office supplies, utilities, conveyance, travel and boarding/lodging allowances, operation and maintenance of office equipment and vehicles, advertising expenses and bank charges, insurance, media broadcastings, newspaper subscriptions, periodicals, and printing and stationery costs incurred by the Project Implementing Entity in connection with the management, coordination and implementation of Project activities, which expenditures would not have been incurred absent the Project, but excluding salaries and salary top-ups of the Borrower's and the Project Implementing Entity's civil servants.
15. "Internal Performance Agreement" or "IPA" means an agreement to be entered into by and between the Project Implementing Entity and an Eligible Beneficiary pursuant to Section I.C.2 of the Schedule to the Project Agreement, and in accordance with the provisions of the Project Operations Manual, setting forth the terms and conditions applicable to the Performance Incentive Grant.
16. "Megha Health Insurance Scheme" means the universal health insurance scheme launched by Meghalaya in phases since December 15, 2012.
17. "Meghalaya" means the Borrower's State of Meghalaya.



18. "Minor Works" means refurbishment and improvement works within the existing footprint of a building, which do not trigger the application of Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement.
19. "Performance Incentive Grant" means a grant in an amount consistent with the provisions of the POM, extended by the Project Implementing Entity to an Eligible Beneficiary under Part 1 of the Project for the purpose of financing eligible expenditures incurred to strengthen the Eligible Beneficiary's governance or improve its accountability, as further described in the POM.
20. "Personal Data" means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
21. "PHC" means a primary health center; and "PHCs" means more than one PHC.
22. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017, July 2018 and November 2020.
23. "Project Implementing Entity" means the Borrower's state of Meghalaya.
24. "Project Management Unit" or "PMU" means the unit established under DoHFW for the coordination of Project activities pursuant to Section I.A.2(c) of the Schedule to the Project Agreement.
25. "Project Operation Manual" or "POM" means the manual to be prepared, approved and adopted by the Project Implementing Entity in accordance with Section I.B of the Schedule to the Project Agreement, as such manual may be amended from time to time with the prior concurrence of the Bank.
26. "Project Steering Committee" or "PSC" means the committee established by the Project Implementing Entity for the Project pursuant to the Borrower's order Health.204/2019/27 dated July 28, 2020 for the purpose of the Project.
27. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
28. "Training and Workshops" means the training, study tours, conferences and workshops conducted and/or attended by staff from the Project Implementing Entity and/or other

stakeholders, in the territory of the Borrower or, subject to the Bank's prior no objection, overseas, including the purchase and publication of materials, rental of facilities, course fees, and lodging, travel expenses and per diems for trainers and/or trainees.