

CONFORMED COPY

CREDIT NUMBER 2509 IN

Project Agreement

(Uttar Pradesh Basic Education Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF UTTAR PRADESH

and

UTTAR PRADESH SABHEE KE LIYE SIKSHA PARIYOJANA PARISHAD

Dated July 7, 1993

CREDIT NUMBER 2509 IN

PROJECT AGREEMENT

AGREEMENT, dated July 7, 1993, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and THE STATE OF UTTAR PRADESH (ACTING BY ITS GOVERNOR) (Uttar Pradesh) and UTTAR PRADESH SABHEE KE LIYE SIKSHA PARIYOJANA PARISHAD (EFAPB).

WHEREAS by the Development Credit Agreement of even date herewith between India, acting by its President (the Borrower) and the Association (the Development Credit Agreement), the Association has agreed to make available to the Borrower an amount in various currencies equivalent to one hundred sixteen million five hundred thousand Special Drawing Rights (SDR 116,500,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that Uttar Pradesh and EFAPB agree to undertake such obligations toward the Association as are set forth in this Agreement; and

WHEREAS Uttar Pradesh and EFAPB, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, have agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

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

ARTICLE II

Execution of the Project

Section 2.01. (a) Uttar Pradesh and EFAPB declare their respective commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall jointly and severally carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and educational practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association shall otherwise agree, Uttar Pradesh and EFAPB shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

(c) Uttar Pradesh shall make the proceeds of the Credit available to EFAPB as a grant for the purposes of carrying out the Project.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. Uttar Pradesh and EFAPB shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions applicable to the Development Credit Agreement (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and that part of the Project carried out by each of them respectively.

Section 2.04. (a) Uttar Pradesh and EFAPB shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance by each of them of its respective obligations under this Agreement, and other matters relating to the purposes of the Credit.

(b) Uttar Pradesh and EFAPB shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by each of them of its respective obligations under this Agreement.

ARTICLE III

Financial Covenants

Section 3.01. (a) Uttar Pradesh and EFAPB shall maintain records and accounts adequate to reflect in accordance with sound accounting practices their operations, resources and expenditures in respect of activities related to their respective parts of the Project, and with respect to Uttar Pradesh, of the departments or agencies of Uttar Pradesh responsible for carrying out the Project or any part thereof.

(b) Uttar Pradesh and EFAPB shall:

(i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal

year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

- (ii) furnish to the Association as soon as available, but in any case not later than nine months after the end of each such year, certified copies of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof, as the Association shall from time to time reasonably request.

ARTICLE IV

Effective Date; Termination;
Cancellation and Suspension

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

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

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

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

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

ARTICLE V

Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:

INDEVAS

Telex:

197688 (TRT)

Washington, D.C.

248423 (RCA)
64145 (WUI) or
82987 (FTCC)

For Uttar Pradesh:

Chief Secretary to the Government
of Uttar Pradesh
Lucknow, India

Telex:

535259 CHLW

For Uttar Pradesh Sabhee Ke Liye
Siksha Pariyojana Parishad:

Chairman,
Uttar Pradesh Sabhee Ke Liye
Siksha Pariyojana Parishad

Telex:

535259 CHLW

Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of Uttar Pradesh may be taken or executed by its Chief Secretary or such other person or persons as the Chief Secretary shall designate in writing, and on behalf of EFAPB by the Chairman of its Executive Committee, or such other person or persons as the Chairman shall designate in writing and Uttar Pradesh and EFAPB shall each furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ D. Joseph Wood

Regional Vice President
South Asia

STATE OF UTTAR PRADESH
UTTAR PRADESH SABHEE KE LIYE SIKSHA PARIYOJANA
PARISHAD

By /s/ N. Valluri

Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the International Bank for Reconstruction and Development (the Bank) in May 1992 (the Guidelines).

(a) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of goods in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Association, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Association, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

Part B: Preference for Domestic Manufacturers

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

Part C: Other Procurement Procedures

1. Civil works (other than under Parts B(6) and E of the Project) shall be procured on the basis of competitive bidding advertised locally in accordance with procedures satisfactory to the Association.

2. Civil works under Parts B(6) and E of the Project, estimated to cost the equivalent of \$20,000 or less per contract, up to an aggregate amount of \$67,600,000 equivalent, shall be carried out by VECs through Uttar Pradesh's community school construction program, in accordance with procedures satisfactory to the Association.

3. Contracts for furniture, equipment, books, and educational and consumable materials, estimated to cost the equivalent of \$300,000 or less but more than the equivalent of \$50,000 per contract, up to an aggregate amount of \$3,900,000 equivalent, shall be procured on the basis of competitive bidding advertised locally in accordance with procedures satisfactory to the Association.

4. Contracts for furniture, equipment, books, and educational and consumable materials, estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount of \$17,900,000 equivalent, as well as contracts for the purchase of vehicles, estimated to cost the equivalent of \$100,000 or less per contract, up to an aggregate amount of \$300,000 equivalent may be procured under quotations solicited from a list of at least three suppliers, in accordance with procedures satisfactory to the Association.

Part D: Review by the Association of Procurement Decisions

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

contracts:

(a) With respect to each contract for civil works and goods estimated to cost more than \$500,000 and \$300,000 equivalent, respectively, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines) shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

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

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (a) (ii) of the Development Credit Agreement.

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

Section II: Employment of Consultants

1. In order to assist EFAPB in carrying out the Project, EFAPB shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981. For complex, time-based assignments, EFAPB shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Association, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Association, EFAPB shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultants Guidelines requiring prior approval by the Association of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior review by the Association shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Association and to amendments of contracts raising the contract value to \$100,000 equivalent or above.

SCHEDULE 2

Implementation Program

Project Launch

1. Uttar Pradesh shall by January 31, 1994, carry out Project launch activities consisting of at least a state-level Project seminar, a State-level seminar on disbursement and procurement under Bank assisted Projects, and selected district level and thematic activities satisfactory to the Association.

Institutional Aspects

2. Uttar Pradesh shall appoint all key staff of EFAPB by December 31, 1993.

3. Uttar Pradesh shall establish SIEMT, and appoint its director and key staff, by January 31, 1994.

4. Uttar Pradesh shall appoint the principal and key staff of the DIET in each Project District by January 31, 1994, and shall ensure that all required staff of DIET are in place by June 30, 1994.

5. Uttar Pradesh shall establish District Education Project Committees (DEPCs) by January 31, 1994, with membership and terms of reference satisfactory to the Association.

6. Uttar Pradesh shall (i) establish and maintain VECs in all villages where the Project is carried out, with terms of reference satisfactory to the Association; (ii) ensure that each VEC includes at least one woman member; and (iii) evaluate annually, and discuss with the Association during the annual review referred to in paragraph 18 of this Schedule, the effectiveness of the functioning of VECs, as well as compliance with the norm for minimum number of women VEC members set out in this paragraph.

Construction of Schools

7. Uttar Pradesh shall (i) ensure that schools under Part E(1)(a) of the Project are constructed, established and operated through VECs in accordance with arrangements satisfactory to the Association; and (ii) provide to, and discuss with, the Association by January 31 of each year a report on construction of such schools.

Non-Governmental Organizations

8. Uttar Pradesh and EFAPB shall select non-governmental organizations participating in the Project in accordance with criteria and procedures satisfactory to the Association.

Pilot Projects and Innovations

9. Uttar Pradesh shall, in carrying out Part D(1) of the Project: (i) implement said Part D(1) in Project Districts selected in accordance with criteria satisfactory to the Association; (ii) select recipients of stipends in accordance with criteria satisfactory to the Association; and (iii) provide the stipends in accordance with procedures satisfactory to the Association.

Gender Aspects

10. EFAPB shall, prior to the implementation of Part C(2) of the Project, enter into an understanding with the Uttar Pradesh Mahila Samakhya Society, on terms and conditions satisfactory to the Association, providing for the implementation of said Part C(2) by said Mahila Samakhya Society.

11. Uttar Pradesh and EFAPB shall ensure that Part C(2) of the Project is carried out in accordance with the Borrower's national Mahila Samakhya program guidelines and shall, in carrying out the Project, also ensure the autonomy of the Uttar Pradesh Mahila Samakhya Society.

12. Uttar Pradesh shall, in primary schools in the Project districts, appoint female teachers to fifty percent of posts: (a) created in new and expanded schools; and (b) arising from vacancies.

13. Uttar Pradesh shall discuss with the Association annually progress regarding increased appointment of female teachers in primary schools.

Tribal Peoples

14. Prior to implementing the Project in any block with a Scheduled Tribe population, or by the dates stipulated below, whichever comes first, Uttar Pradesh shall (i) conduct by January 31, 1995, a study of the educational needs of Scheduled Tribe students with terms of reference satisfactory to the Association; (ii) carry out by January 31, 1996, a pilot test of appropriate strategies for delivering education services to such tribal groups; (iii) discuss the results of the study and the pilot test with the Association at mid-term review of the Project; and (iv) thereafter implement the Project in such areas in accordance with procedures and delivery strategies set out in the Association's policies governing implementation of Association-assisted Projects affecting indigenous peoples.

Planning; Studies

15. Uttar Pradesh shall by October 31, 1996, prepare in consultation with EFAPB and furnish to the Association a plan for the extension of the basic education program in Uttar Pradesh in conformity with the Borrower's national education policy and its District Primary Education Program.

16. Uttar Pradesh shall, by October 31, 1996, complete a study, with terms of reference satisfactory to the Association, of the factors that contribute to, and the means to enhance, the willingness of teachers to accept and retain posts in rural primary and upper primary schools.

17. EFAPB shall (i) select research studies to be carried out under Part A(2)(d) of the Project in accordance with criteria satisfactory to the Association; and (ii) establish a Policy Research Advisory Committee with membership and terms of reference satisfactory to the Association to assist it in planning and undertaking such studies.

Monitoring and Review

18. Without limitation to the generality of any other provision of this Agreement, Uttar Pradesh and EFAPB shall:

- (i) review annually with the Association progress in Project implementation over the preceding twelve months;
- (ii) discuss with IDA by December 31 of each year, annual work plans and budgets for the next twelve months;
- (iii) carry out, no later than October 31, 1996, or such later date as the Association shall establish, along with the Association, a mid-term review of the Project;
- (iv) discuss with the Association during such mid-term review the plan referred to in paragraph 15 of this Schedule; and
- (v) duly take into account the comments offered by the Association during such review, in the course of further implementation of the Project.

19. Uttar Pradesh shall (a) conduct evaluations of Project activities by October 31, 1996, with particular reference to (i) the introduction of ECCE programs; (ii) the scholarship program for girls belonging to Scheduled Castes; (iii) the girls' work experience program; (iv) the non-formal primary and upper primary

education program; (v) community libraries; and (vi) the learning achievement of tribal children; and (b) discuss the findings of such evaluation with the Association during the mid-term review referred to in paragraph 18 (iii) of this Schedule.

20. (a) Uttar Pradesh shall carry out a systematic assessment of learning achievement in all Project Districts, as well as in one or more districts other than the Project Districts selected with the prior agreement of the Association, using the sampling plans, test instruments, interview schedules and field data collection techniques that were used in the baseline assessment studies carried out in Nainital, Varanasi and Sitapur districts in 1992-93 in the course of preparation of the Project.

(b) Uttar Pradesh shall carry out the assessment referred to in sub-paragraph (a) of this paragraph three times, with the first assessment being completed by December 31, 1994, the second by December 31, 1996, and the third by December 31, 1999, respectively.

