

CONFORMED COPY

CREDIT NUMBER 2942 IN

Project Agreement

(Rural Women's Development and Empowerment Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATES OF BIHAR, GUJARAT, HARYANA, KARNATAKA,  
MADHYA PRADESH AND UTTAR PRADESH

Dated September 14 , 1998

CREDIT NUMBER 2942 IN

PROJECT AGREEMENT

AGREEMENT, dated September 14, 1998, between the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and the STATES OF BIHAR, GUJARAT, HARYANA, KARNATAKA, MADHYA PRADESH AND UTTAR PRADESH (hereinafter referred to individually as "Project State" and collectively as "Project States");

WHEREAS (A) by the Development Credit Agreement of even date herewith between India (the Borrower) and the Association, the Association has agreed to lend to the Borrower an amount in various currencies equivalent to thirteen million five hundred thousand Special Drawing Rights (SDR 13,500,000) on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Project States agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) the International Fund for Agricultural Development (IFAD) has agreed to make a loan (the IFAD Loan) to the Borrower in an amount in various currencies equivalent to thirteen million three hundred thousand Special Drawing Rights (SDR 13,300,000) to assist in financing the Project on the terms and conditions set forth in an agreement dated March 27, 1997 between the Borrower and IFAD (the IFAD Loan Agreement); and

WHEREAS the Project States, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has 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 to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) Each Project State declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall, within the Project States, carry out the Project, and cause the respective WDCs to carry out the Project, with due diligence and efficiency and in conformity with appropriate administrative and financial 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, the Project States shall carry out the Project within the territory of the Project States and in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. 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 1 to this Agreement.

Section 2.03. Each Project State shall carry out and cause its respective WDC to 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 (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. Each Project State shall: (i) 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 Association and each Project State, a plan designed to ensure the continued achievement of the Project's objectives; and (ii) afford the Association a reasonable opportunity to exchange views with each Project State on said plan.

Section 2.05. (a) Each Project State shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) Each Project State 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 obligations under this Agreement.

## ARTICLE III

### Financial Covenants

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

(b) Each Project State shall:

(i) have the records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) 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 six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited, and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

#### 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 the Project States thereunder shall terminate on the earlier of the following two dates:

(i) the date on which the Development Credit Agreement shall terminate; or

(ii) a date twenty (20) years after the date of this Agreement.

(b) If the Development Credit Agreement terminates 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.

#### 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 addresses 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  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

For the State of Bihar:

Chief Secretary to the Government  
of Bihar  
Patna, India

For the State of Gujarat:

Chief Secretary to the Government  
of Gujarat  
Gandhinagar, India

For the State of Haryana:

Chief Secretary to the Government  
of Haryana  
Chandigarh, India

For the State of Karnataka:

Chief Secretary to the Government  
of Karnataka  
Bangalore, India

For the State of Madhya Pradesh:

Chief Secretary to the Government  
of Madhya Pradesh  
Bhopal, India

For the State of Uttar Pradesh:

Chief Secretary to the Government  
of Uttar Pradesh  
Lucknow, India

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 a Project State may be taken or executed by its Chief Secretary or by such other person or persons as the Chief Secretary shall designate in writing, and such Project State shall 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 New Delhi, India, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edwin R. Lim

Country Director, India

STATE OF BIHAR

By /s/ A. N. P. Sinha

Authorized Representative

STATE OF GUJARAT

By /s/ Sanjiv Mishra

Authorized Representative

STATE OF HARYANA

By /s/ H. S. Anand

Authorized Representative

STATE OF KARNATAKA

By /s/ Usha Ganesh

Authorized Representative

STATE OF MADHYA PRADESH

By /s/ J. L. Bose

Authorized Representative

STATE OF UTTAR PRADESH

By /s/ P. Umashanker

Authorized Representative

#### SCHEDULE 1

#### Procurement and Consultants' Services

#### Section I. Procurement of Goods and Works

#### Part A: General

Goods and works 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 (the Guidelines) and the following provisions of this Section, as applicable.

#### Part B: National Competitive Bidding

1. Except as otherwise provided in paragraph 2 of Part B of this Section, contracts for the purchase of equipment made through June 30, 2000, and estimated to cost \$10,000 equivalent or more per contract, up to an aggregate amount not to exceed \$250,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. Contracts for the purchase of: (a) furniture estimated to cost the equivalent of \$20,000 or less per contract, up to an aggregate amount not to exceed \$300,000 equivalent; (b) vehicles estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount not to exceed \$700,000 equivalent; (c) materials estimated to cost the equivalent of \$20,000 or less per contract, up to an aggregate amount not to exceed \$4,100,000 equivalent; and (d) equipment estimated to cost less than \$10,000 equivalent per contract, up to an aggregate amount not to exceed \$750,000 equivalent may be awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part C: Other Procurement Procedures

1. Force Account, Procurement of Small Works and Community Participation

(a) Force Account

Civil works, estimated to cost the equivalent of \$1,800 or less per contract account up to an aggregate value of \$580,000 equivalent, may be carried out by force account if the works meet the requirements of paragraph 3.8 of the Guidelines; and

(b) Procurement of Small Works; Community Participation

Civil works, estimated to cost the equivalent of \$1,800 or less per contract account up to an aggregate value of \$5,220,000 equivalent, may be:

(i) procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully; or

(ii) carried out in accordance with procedures satisfactory to the Association.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or 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 and works 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

With respect to the first three contracts for purchase of goods that are awarded in accordance with the National Competitive Bidding procedure set forth in paragraphs 3.3 and 3.4 of the Guidelines, the procedures 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

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions 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 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Association shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each, or (b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Association review shall not apply to (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Association, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

## SCHEDULE 2

### Implementation Program

1. Each Project State shall cause each participating WDC:

(a) to select NGOs, to be contracted under the Project, in accordance with the criteria and procedures agreed with the Association;

(b) to establish by January 31, 1999, with the help of independent financial management consultants, accounting, auditing and internal control practices acceptable to the Association;

(c) starting in 1999, to provide to DWCD and the Association for review and comments by January 31 each year, a copy of the WDC's annual action and procurement plans for the following year, prior to approval by the WDC Board and the State's nodal Department and, thereafter, to take into account the Association's recommendations and views in finalizing the plans; and

(d) to employ: (i) by March 31, 1999, a Monitoring Officer, a Marketing Coordinator, and a Communications Officer at the state level and a Business Development Officer and supporting staff at the district level; and (ii) six months before the commencement of Project activities in any new district in the Project States, a District Manager, a Business Development Officer and support staff.

2. Each Project State shall cause its respective WDC, before the WDC provides assistance for social programs or to leverage funds for community asset creation, to: (a) consult with the community to prioritize activities; (b) reach an agreement with the community to support the health and child care programs after funding for the Project has been utilized; and (c) obtain a commitment from the relevant community and/or SHG for the operation and maintenance of the community asset to be created.

3. Where the Project is implemented in any state tribal area (as designated by such state in accordance with applicable laws), such Project State shall: (a) develop Project implementation arrangements in the tribal area in consultation with potential members of SHG and in accordance with criteria and procedures satisfactory to the Association; and (b) cause the Project to be implemented in the tribal area in accordance with such implementation arrangements.

4. Each Project State shall cause all participating WDCs:

(a) to maintain policies and procedures adequate to enable each WDC to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Association, the implementation of the Project and the achievement of the objectives thereof;

(b) to prepare, under terms of reference satisfactory to the Association, and

furnish to the Association, every three months beginning on or about December 31, 1998, and every twelve months beginning on or about December 31, 1999, a report, which integrates 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 period preceding the date of said report and setting out the measures recommended to ensure the efficient implementation of the Project and the achievement of the objectives thereof during the period following such date; and

(c) to review with the Association, by March 31, 2001, or such later date as the Association shall request, the reports 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 reports and the Association's views on the matter.

