

CONFORMED COPY

CREDIT NUMBER 3013 IN

Project Agreement

(Uttar Pradesh Second Basic Education Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF UTTAR PRADESH

and

UTTAR PRADESH SABHEE KE LIYE SIKSHA PARIYOJANA PARISHAD

Dated March 3, 1998

CREDIT NUMBER 3013 IN

PROJECT AGREEMENT

AGREEMENT, dated March 3, 1998, 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 (A) by the Development Credit Agreement of even date herewith between India, acting by its President (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to forty-three million seven hundred thousand Special Drawing Rights (SDR 43,700,000) 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) Each of Uttar Pradesh and EFAPB declare their 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 education 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 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. (a) 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 (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.

(b) For the purposes of Section 9.07 of the General Conditions and without limitation thereto, Uttar Pradesh 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 Uttar Pradesh, a plan for the future operation of the physical facilities financed under the Credit; and

(ii) afford the Association a reasonable opportunity to exchange views with Uttar Pradesh on said plan.

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 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 six 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 Uttar Pradesh and EFAPB 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 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
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

For Uttar Pradesh:

Chief Secretary to the Government

of Uttar Pradesh
Lucknow, India

Telex:

535259

For Uttar Pradesh Sabhee Ke Liye Siksha Pariyojana Parishad:

Chairman
Uttar Pradesh Sabhee Ke Liye Siksha Pariyojana Parishad

Telex:

535259

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 may be taken or executed 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 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/ Mieko Nishimizu

Regional Vice President
South Asia

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

By /s/ Sudhakar Rao

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 Section I of this Schedule.

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 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 and to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$300,000 equivalent per contract and works estimated to cost more than \$20,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost \$50,000 equivalent or less per contract, up to an aggregate amount not to exceed \$800,000 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. Procurement of Small Works, Community Participation and Force Account

Works estimated to cost \$20,000 equivalent or less per contract, up to an overall aggregate amount not to exceed \$23,800,000 equivalent:

(a) may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) 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

(b) may be carried out through communities in accordance with procedures satisfactory to the Association; or

(c) work which meets the requirements of paragraph 3.8 of the Guidelines, may be carried out, with the Association's prior approval, by force account in a manner satisfactory to the Association.

4. Direct Contracting

Teacher grants and school improvement grants up to an aggregate amount not to exceed \$2,900,000 equivalent may be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

Part D: Review by the Bank 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 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 each contract for goods and works estimated to cost \$300,000 equivalent or more, 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

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 Bank in January 1997 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

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 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

Services for materials development and training under Part B of the Project 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.

2. Individual Consultants

Services for materials development and training under Part B of the Project 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.

Part D: Review by the Bank 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 and (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 \$50,000 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 2

Implementation Program

Institutional Aspects

1. Uttar Pradesh shall establish and maintain a separate and adequately staffed unit within EFAPB for implementation of both UPBEP I and the Project.

2. Uttar Pradesh shall establish and maintain VECs in all villages where the Project is carried out.

Teacher Deployment

3. Uttar Pradesh shall implement a program of teacher deployment in accordance with the current relevant state norms to improve the student-teacher ratio yearly.

Training Coordinator

4. By March 31, 1998, Uttar Pradesh shall appoint a training coordinator in each district Project office.

Construction of Schools

5. Uttar Pradesh shall ensure that schools provided under Part A of the Project are constructed and established through VECs in accordance with the arrangements established under UPBEP I.

Gender, Tribal People

6. Uttar Pradesh shall implement the Project in accordance with strategies acceptable to the Association for improving primary education of female students.

7. Uttar Pradesh shall implement the Project in any tribal area (as designated by Uttar Pradesh in accordance with applicable state laws) in accordance with procedures and delivery strategies satisfactory to the Association.

Project Supervision, Monitoring and Review

8. Without limitation to the generality of any other provision of this Agreement, supervision of the Project shall be included in the Joint Supervision Program, and the DPEP II mid-term review scheduled for 1999 shall include a review of the implementation of the Project.

9. EFAPB 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) twice a year, prepare a report integrating the results of the monitoring

and evaluation activities performed pursuant to paragraph (a) of this Section and present such report to the joint supervision mission; and

(c) duly take into account the comments offered by the Association during each such joint review in the course of further implementation of the Project.

Resettlement

10. Uttar Pradesh shall ensure that no involuntary resettlement arises from any use of land, or change of land use for the Project, except to the extent that the Association agrees in writing prior to such resettlement that the arrangements for such involuntary resettlement are satisfactory to the Association.

