

CONFORMED COPY

CREDIT NUMBER 2510 IN

Project Agreement

(Uttar Pradesh Sodic Lands Reclamation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF UTTAR PRADESH

Dated June 24, 1993

CREDIT NUMBER 2510 IN

PROJECT AGREEMENT

AGREEMENT, dated June 24, 1993, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and STATE OF UTTAR PRADESH, acting by its Governor (Uttar Pradesh).

WHEREAS by the Development Credit Agreement of even date herewith between India (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to thirty nine million five hundred thousand Special Drawing Rights (SDR 39,500,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that Uttar Pradesh agree to undertake such obligations toward the Association as are set forth in this Agreement;

WHEREAS Uttar Pradesh, 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 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) Uttar Pradesh 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 carry out the Project through LDC with due diligence and efficiency and in conformity with appropriate administrative, financial, land reclamation and agricultural 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 and Uttar Pradesh shall otherwise agree, Uttar Pradesh shall cause LDC to carry out the Project 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. Uttar Pradesh 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.

Section 2.04. (a) Uttar Pradesh 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) Uttar Pradesh 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 Uttar Pradesh of its obligations under this Agreement.

ARTICLE III

Financial Covenants

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

(b) Uttar Pradesh shall:

- (i) have its 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, 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 Uttar Pradesh 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 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 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

For Uttar Pradesh:

Chief Secretary
Government of Uttar Pradesh
Lucknow
Uttar Pradesh, India

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 Uttar Pradesh shall designate in writing, and Uttar Pradesh 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/ D. Joseph Wood
Regional Vice President
South Asia

STATE OF UTTAR PRADESH

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 Bank in May 1992 (the Guidelines). For fixed price contracts, the invitation to bid referred to 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 component 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.

2. To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$200,000 or more.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A 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. Except as provided in paragraph 2 hereof, civil works under the Project, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Civil works estimated to cost the equivalent of \$10,000 or less per contract, and on-farm development works, both estimated to cost up to an aggregate amount not exceeding \$5,350,000, may be carried out by force account in a manner satisfactory to the Association.

3. Equipment and materials estimated to cost less than \$200,000 per contract, up to an aggregate amount not exceeding \$8,220,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

4. Items or groups of items estimated to cost the equivalent of \$20,000 or less per contract, up to an aggregate amount equivalent to \$9,080,000, and vehicles estimated to cost \$790,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

5. Specialized items comprising satellite imagery and aerial photographs, estimated to cost the equivalent of not more than \$230,000, may be purchased directly 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 estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 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 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 4 to the Development Credit Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

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 in carrying out the Project, Uttar Pradesh

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 (the Consultants' Guidelines).

2. Notwithstanding the provisions of paragraph 1 of this Section, the provision of the Consultants 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 contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior Association review shall not apply to the terms of reference for such contracts, nor to the employment of individuals, to single source selection of firms, to assignment of critical nature as reasonably determined by the Association, and to amendments to contracts raising the contract value to \$100,000 equivalent or more.

3. Without limitations to the paragraph 1 of this Section, Uttar Pradesh shall engage the consultants for assisting in the carrying out of the studies under Part D.2 of the Project not later than September 30, 1994.

SCHEDULE 2

Implementation Program

1. Uttar Pradesh shall carry out the identification, selection, and planning of the reclamation sites under the Project in accordance with criteria and schedule agreed with the Association.

2. Without limitation to the provisions of Section 2.01 (a) of this Agreement, Uttar Pradesh shall provide, starting April 1, 1998, the funds needed for maintenance of the drainage system under the Project.

3. For the purpose of assisting in carrying out the Project, Uttar Pradesh shall select NGOs in accordance with procedures and criteria agreed with the Association.

4. Without limitation to the provisions of paragraph 3 above, Uttar Pradesh shall, not later than September 30, 1994, select an NGO or other suitably qualified agency to undertake an independent assessment of the participatory management program under Part B.3 of the Project, and shall thereafter make the necessary adjustments to the program in light of such evaluation.

5. To ensure effective coordination of the activities under the Project, Uttar Pradesh shall continue to keep the Agricultural Development Commissioner as the Chairman of the Board of LDC.

6. Uttar Pradesh shall appoint field staff for LDC in accordance with criteria and schedule agreed with the Association.

7. Uttar Pradesh shall furnish to the Association not later than December 31, of each year, starting December 31, 1994, for the Association's review and comments, an annual action plan of activities under the Project for the following year.

8. Uttar Pradesh shall, without limitation to the provisions of Section 9.06 (a) (iii) of the General Conditions, starting January 31, 1994, prepare and furnish to the Association, for the Association's review and comments, quarterly and annual progress reports of the Project.

9. Uttar Pradesh shall, by September 30, 1997, undertake in collaboration with the Borrower and the Association, a mid-term review of the Project, and shall thereafter implement the recommendations of such review.

10. Uttar Pradesh shall, without limitation to the provisions of Section 2.01 of this Agreement, implement a system satisfactory to the Association for channelling the funds required for the Project, to the entities involved in carrying out of the Project.

11. Uttar Pradesh shall cause LDC, RSAC and IIM to observe the provisions of each of the Memoranda of Understanding between LDC and IIM dated March 15, 1993, and LDC and RSAC dated March 17, 1993.

