

CONFORMED COPY

CREDIT NUMBER 2482 PAK

Project Agreement

(Balochistan Primary Education Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF BALOCHISTAN

Dated May 19, 1993

CREDIT NUMBER 2482 PAK

PROJECT AGREEMENT

AGREEMENT, dated May 19, 1993, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and PROVINCE OF BALOCHISTAN acting by its Governor (the Province).

WHEREAS (A) by the Development Credit Agreement of even date herewith between Islamic Republic of Pakistan (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to seventy-six million four hundred thousand Special Drawing Rights (SDR 76,400,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Province agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) the proceeds of the Credit provided for under the Development Credit Agreement will be made available to the Province; and

WHEREAS the Province, 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) The Province 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 DOE with due diligence and efficiency and in conformity with appropriate educational, administrative, financial and engineering 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 the Province shall otherwise agree, the Province shall 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. The Province 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) The Province 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) The Province 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 the Province of its obligations under this Agreement.

#### ARTICLE III

##### Financial and Other Covenants

Section 3.01. (a) The Province shall maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures with respect to the Project.

(b) The Province shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section, including the records and accounts for the Special Accounts, 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 and accounts 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 Province 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 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 Province 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:

197688 (TRT),  
248423 (RCA),  
64145 (WUI) or  
82987 (FTCC)

For the Province:

Planning and Development Department  
Government of Balochistan  
Quetta, Pakistan

Cable address:

Telex:

DEVELOPMENT  
Quetta, Pakistan

7875 BLNSE PK

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 the Province, may be taken or executed by the Additional Chief Secretary (Development) or such other person or persons as he shall designate in writing, and the Province 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

PROVINCE OF BALOCHISTAN

By /s/ Agha Ghazanfar

Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part B hereof, vehicles and paper for textbooks 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 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.

Part B: Other Procurement Procedures

1. Except as provided in paragraphs 2 and 3 hereof, civil works, furniture, equipment and materials for production of training materials, and textbooks shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.
2. Computers, computer software, journals and training and audio-visual materials, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers from at least three different countries eligible under the Guidelines, in accordance with procedures acceptable to the Association.
3. Items or groups of items of equipment and materials estimated to cost less than the equivalent of \$10,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,100,000, and vehicles estimated to cost less than the equivalent of \$50,000 per contract, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part C: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:
  - (a) With respect to: (i) each contract under Part A hereof; (ii) each contract for civil works estimated to cost the equivalent of more than \$200,000; and (iii) the first three contracts for civil works in each Fiscal Year irrespective of value, 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 such 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 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 the Province in the carrying out of the Project, the Province shall employ, under time schedules satisfactory to the Association, consultants and construction managers whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants and construction managers 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.

## SCHEDULE 2

### Implementation Program

1. The Province shall, by December 31, 1993 formulate necessary rules to permit heads of schools to dispose of broken and damaged furniture.

2. The Province shall:

(a) institute procedures to ensure that, irrespective of the source of funding, schools to be rehabilitated and new schools to be constructed in the Province under the Program shall be located in communities which have established beneficiary participation groups or have demonstrated need as evidenced by the annual school census of the Province;

(b) carry out rehabilitation and construction of schools under Part A of the Project during the first year of Project implementation in those sites which have been approved by the Association; and

(c) not later than November 15 of each year beginning November 15, 1993, provide to the Association for its approval a list of school sites for the following Fiscal Year selected in accordance with priority criteria, satisfactory to the Association for carrying out rehabilitation and construction of schools under Part A of the Project.

3. The Province shall take steps to ensure that schools are permitted to introduce double shifts as may be needed to increase student places or to accommodate community demands for segregation based on gender.

4. The Province shall:

(a) by December 31, 1993, amend the Service Rules (School Branch) (Women's Section) to include senior administrative positions at the Borrower's Basic Pay Scale (BPS) 16 and above; and

(b) by December 31, 1993, amend the Service Rules to allow for external recruitment of all technical positions related to the Balochistan education management information system within the DPE where such positions cannot be filled through promotion due to lack of adequate qualifications.

5. The Province shall take steps to ensure that the incremental teacher and administrative positions established under the Project and the Program are transferred from the development budget to the recurrent budget in a phased manner beginning with Fiscal Year 1995, satisfactory to the Association, so that by the end of the Project period all such positions are sanctioned under the recurrent budget for permanent posts.

6. (a) The Province shall provide, or cause to be provided, promptly as needed, the funds, facilities, educational materials, staff, services and other resources required for the Program.

(b) To that end, the Province shall:

(i) by April 30 of each fiscal year provide to the Association a draft annual operational plan for the following fiscal year setting forth the Province's activities to be carried out under the Program, together with the funding requirements therefor;

(ii) together with the Association and not later than June 15 in each fiscal year:

- (aa) review the Province's activities carried out under the annual operational plan in such fiscal year and the draft annual operational plan provided pursuant to sub-paragraph (i) above; and
  - (bb) taking into account the recommendations resulting from such review, agree on an operational plan describing the Province's activities to be carried out under the Program in the next following fiscal year, together with the funding requirements therefor; and
- (iii) ensure that:
- (aa) adequate development and recurrent budgetary allocations will be made, both from domestic and external sources, for each fiscal year to meet the funding requirements of the Province's activities under the Program for such year and agreed pursuant to sub-paragraph (ii)(bb) above; and
  - (bb) the funds to be provided by the Province out of its own resources for purposes of carrying out the activities under the Project in a given fiscal year will be deposited in the accounts of the departments and agencies of the Province responsible for carrying out such activities on a quarterly basis.

7. The Province shall, not later than June 30, 1993, issue a letter to the Association satisfactory to the Association setting forth the Province's education sector policy, strategy and priorities.

8. The Province shall, by November 15 of each Fiscal Year, beginning with Fiscal Year 1994, provide to the Association a mid-Fiscal Year report on the progress of the Project and the Program during that Fiscal Year.

9. For purposes of carrying out Part A.5 of the Project set forth in Schedule 2 to the Development Credit Agreement, the Province shall prepare and follow such procedures and arrangements, including criteria for selection of schools and students for receiving scholarships, satisfactory to the Association.

10. The Province shall, in consultation with the Association and in accordance with terms of reference and methodology satisfactory to the Association, undertake and complete by June 15, 1996 a mid-term review of the Project and the Program, and, shall, promptly thereafter, carry out the recommendations of such review in a manner acceptable to the Association.

