

CONFORMED COPY

CREDIT NUMBER 3413 IN

Project Agreement

(Third Technician Education Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF ARUNACHAL PRADESH  
STATE OF MEGHALAYA  
STATE OF MIZORAM  
STATE OF NAGALAND  
STATE OF SIKKIM  
STATE OF TRIPURA  
STATE OF JAMMU AND KASHMIR

Dated October 18, 2000

CREDIT NUMBER 3413 IN

PROJECT AGREEMENT

AGREEMENT, dated October 18 2000, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and STATE OF ARUNACHAL PRADESH, STATE OF MEGHALAYA, STATE OF MIZORAM, STATE OF NAGALAND, STATE OF SIKKIM, STATE OF TRIPURA AND STATE OF JAMMU AND KASHMIR, each acting by its Governor.

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 forty-eight million nine hundred thousand Special Drawing Rights (SDR 48,900,000), on the terms and conditions set forth in the Development Credit Agreement, but only on conditions that the Project States agree to undertake such obligations toward the Association as are set forth in this Agreement;

WHEREAS the Project States, 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 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 Project States declare their commitment to the objective of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering 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 and the Project States shall otherwise agree, the Project States 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. (a) The Project States 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 and their respective portions of the Project.

(b) For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Project States 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 \_\_\_\_\_ the Project States, a plan for the future operation of the Project; and

(ii) afford the Association a reasonable opportunity to exchange views with the \_\_\_\_\_ Project States on said plan.

Section 2.04. (a) The Project States 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 Project States 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 Project States of its obligations under this Agreement.

ARTICLE III

Financial Covenants

Section 3.01. (a) The Project States shall maintain financial management systems, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect in accordance with sound financial management and accounting practices the operations, resources and expenditures related to the Project of the departments or agencies of the Project States responsible for carrying out the Project or any part thereof.

(b) The Project States shall:

(i) have their records, accounts and financial statements referred to in paragraph (a) of this Section for each Fiscal Year audited, in accordance with 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 the financial statements referred to in paragraph (a) of this Section, for such year as so audited, and (B) an opinion on such statements and 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 such records, accounts and financial statements, and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

Section 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, the Project States shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Project States, by April 1, 2001, or such later date as the Association shall agree, to prepare quarterly Project management reports, acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;

(ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and

(iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Project States shall prepare, in accordance with guidelines acceptable to the Association, and furnish to

the Association not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

#### 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 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 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 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:	Telex:	Facsimile:
INDEVAS 477-6391	248423 (MCI) or 64145 (MCI)	(202)

For State of Arunachal Pradesh:

Secretary  
Department of Education  
Secretariat  
Government of Arunachal Pradesh  
Itanagar - 791111, Arunachal Pradesh

Telephone: Facsimile:

91-360-214417

91-360-213112/212851

For State of Meghalaya:

Secretary  
Department of Education  
Government of Meghalaya  
Shillong - 793001 Meghalaya

Telephone:

91-364-222016

Facsimile:

91-364-225978

For State of Mizoram:

Secretary  
Education and Human Resource Department  
Government of Mizoram  
Mizoram Secretariat  
Aizawl - 796001 Mizoram

Telephone:

91-389-325710

Facsimile:

91-389-322745

For State of Nagaland:

Secretary  
Department of Higher and Technical Education  
Government of Nagaland  
Kohima - 797001 Nagaland

Telephone:

91-370-270110

Facsimile:

91-370-270087

For State of Sikkim:

Commissioner-cum-Secretary  
Department of Education  
Government of Sikkim  
Tashiling Secretariat  
Gangtok 737101 Sikkim

Telephone:

91-3592-23659/23050

Facsimile:

91-3592-23050/24725

For State of Tripura:

Secretary  
Department of Education  
Government of Tripura  
Civil Secretariat  
Agartala 799 001 Tripura

Telephone:

91-381-326040

Facsimile:

91-381-326040

For State of Jammu and Kashmir:

Principal Secretary/Secretary to the Government

Education Department  
Government of Jammu and Kashmir  
Civil Secretariat Jammu, 180001/ Srinagar 190001

Telephone:

Facsimile:

91-191-542880 Jammu  
91-194-452260 Srinagar

91-191-546554

91-194-477902

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 each of the Project States, may be taken or executed by its Chief Secretary or such other person or persons as the concerned Project State shall designate in writing, and each of the Project States 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 ARUNACHAL PRADESH

By /s/ Sangay Lhaden

Authorized Representative

STATE OF MEGHALAYA

By /s/ Ranjan Chatterjee

Authorized Representative

STATE OF MIZORAM

By /s/ Denghnuna

Authorized Representative

STATE OF NAGALAND

By /s/ Banuo Z. Jamir

Authorized Representative

STATE OF SIKKIM

By /s/ Alok Srivastava

Authorized Representative

STATE OF TRIPURA

By /s/ Sudhir Sharma

Authorized Representative

STATE OF JAMMU AND KASHMIR

By /s/ Abdul Ahad

Authorized Representative

#### SCHEDULE 1

#### Procurement and Consultants' Services

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

#### Part A: General

1. 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, September 1997 and January 1999 (the Guidelines) and the provisions of the following Parts of this Section I.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

#### Part B: Procurement Procedures

#### 1. National Competitive Bidding

Civil works and equipment (except vehicles) estimated to cost more than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with procedures satisfactory to the Association.

#### 2. National Shopping

Equipment and furniture estimated to cost less than \$50,000 equivalent per contract, up to respective aggregate amounts not to exceed \$1,800,000 and \$2,550,000 equivalent, and vehicles 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. Direct Contracting

(a) Equipment which is of a proprietary nature and is estimated to cost less than \$10,000 equivalent per contract, up to an aggregate amount not to exceed \$860,000 equivalent; (b) books, proprietary software, learning resources and educational materials estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$3,460,000 equivalent; and (c) small items estimated to cost less than \$500 equivalent each, up to an aggregate amount not to exceed \$200,000 equivalent, may be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

#### 4. Procurement of Small Works

Works estimated to cost \$50,000 equivalent or less per contract, up to an aggregate amount not to exceed \$2,580,000 equivalent may:

(i) 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;

(ii) be procured under the unit/piece rate systems through qualified contractors; or

(iii) as a last resort, be carried out by force account up to an aggregate amount not to exceed \$1,000,000 equivalent and if they meet the requirements of the provisions of paragraph 3.8 of the Guidelines.

5. Contracts for operation and maintenance of equipment and vehicles, office rentals and expenses, hiring of vehicles, and consumables referred to in paragraph 2(c) of Part A of Schedule 1 to the Development Credit Agreement, up to an aggregate amount not to exceed \$9,350,000 equivalent may:

(i) be procured on the basis of national shopping for contracts estimated to cost \$20,000 equivalent or less per contract in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines; or

(ii) by direct contracting in accordance with the provisions of paragraph 3.7 of the Guidelines for contracts estimated to cost \$5,000 equivalent or less per contract, up to an aggregate amount not to exceed \$1,000,000 equivalent.

Part C: Review by the Association 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

(a) With respect to each Project State the first contract each for goods and works procured under national competitive bidding procedures, regardless of the value of such contract, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract estimated to cost the equivalent of \$300,000 or more, the procedures set forth in paragraphs 2(f), 2(g) 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

1. Consultants' services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines:



Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A of this Section II (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

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 2.13 through 2.18 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 for services for procurement of works and goods including procurement planning and development of technical specifications, 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. Selection Under a Fixed Budget

Services for computer software development, research/studies, organization of workshops, and training may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services for planning of academic programs and services, research/studies and training estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines 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 Association 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 (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 \$100,000 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.

(d) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$12,000 or more, and for the employment of individual consultants estimated to cost the equivalent of \$5,000 or more, the terms of reference 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

1. The Project States shall provide additional staff to their respective Project polytechnics, Boards and/or Councils of Technical Education, Directorates of Technical Education, State Project Implementation Units, in accordance with an agreed Schedule of Deployment of Key Additional Staff.

2. To ensure effective financial management of the Project, the Project States shall employ, throughout Project Implementation, accounting staff as specified in the Project Implementation Plan and a Financial Manager, all with experience and qualifications and, in the case of the Financial Manager, on terms of reference, agreed with the Association.

3. Throughout the duration of the Project, the Project States shall promote close interaction of polytechnics with industry and community by: (a) developing and implementing Industry/Community-Institute Interaction programs agreed with the Association; and (b) constituting an Industry/Community-Institute Interaction Cell at each of their respective polytechnics by December 31, 2001.

4. The Project States shall: (a) ensure availability of adequate resources for their respective polytechnics for the maintenance of buildings and equipment; and (b) delegate by no later than March 31, 2002, appropriate financial powers to polytechnics to enable them to undertake annual maintenance programs at their respective polytechnics.

5. During the first year of Project implementation each Project State shall prepare a time-bound action plan acceptable to the Association for

the introduction and establishment of substantial academic, financial and administrative autonomy for its polytechnics, and thereafter implement such plan in a manner satisfactory to the Association.

6. By no later than December 31 of each year, the Project States shall prepare and furnish to the Association and the Borrower draft annual plans for the next fiscal year for: (a) the introduction of new technician programs in their respective polytechnics; (b) the construction of new and rehabilitation of existing facilities; and (c) training of teachers including local and foreign fellowships.

7. The Project States shall: (a) develop and establish a Management Information System (MIS) in the State Project Implementation Units for monitoring and supervision of the Project; (b) implement a supervision plan agreed to by the Association; and (c) undertake, in conjunction with each other, the Borrower and the Association, a bi-annual review of Project progress on the basis of monitorable benchmarks agreed to by the Project States, the Borrower and the Association.

8. The Project States shall, by April 1, 2001, jointly with the Borrower, develop and institute fellowship training programs, including study tours, agreed to by the Association.

9. The Project States 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) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about October 1, 2003, a report integrating 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 carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by December 31, 2003, or such later date as the Association shall request, the report 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 report and the Association's views on the matter.

