

CONFORMED COPY

LOAN NUMBER 4555 IN

Loan Agreement

(Telecommunications Sector Reform Technical Assistance  
Project)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated August 11, 2000

LOAN NUMBER 4555 IN

LOAN AGREEMENT

AGREEMENT, dated August 11, 2000, between INDIA,  
acting by its President (the Borrower) and  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
(the Bank).

WHEREAS the Borrower, having satisfied itself as  
to the feasibility and priority of the Project  
described in Schedule 2 to this Agreement, has  
requested the Bank to assist in the financing of the  
Project; and

WHEREAS the Bank has agreed, on the basis, inter  
alia, of the foregoing, to extend the Loan to the  
Borrower upon the terms and conditions set forth in  
this Agreement.

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995, (as amended through October 6, 1999), (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Act" means the Telecom Regulatory Authority of India Act, 1997, as amended on March 25, 2000;

(b) "DOT" means the Department of Telecommunications of the Borrower;

(c) "Eligible Categories" means categories (1), (2) and (3), set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(d) "Eligible Expenditures" means the expenditures for goods and services referred to in Section 2.02 of this Agreement;

(e) "Fiscal Year" and "FY" mean the Fiscal Year of the Borrower, beginning on April 1 of a calendar year and ending on March 31 of the following calendar year;

(f) "PCU" means the Project Coordination Unit established by DOT for purposes of coordinating the implementation of the Project;

(g) "PIP" means the Project Implementation Plan of the Borrower dated May 8, 2000;

(h) "PIU" means each Project Implementation Unit established within TEC and WPC to assist in implementing their respective activities under Part A of the Project;

(i) "PMU" means each Project Management Unit established within TRAI and TDSAT to assist in implementing Part B of the Project;

(j) "Project Implementation Entity" means, for purposes of this Agreement and the General Conditions, DOT, TDSAT and TRAI;

(k) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;

(l) "Special Account" means the account referred to in Part B of Schedule 1 to this Agreement;

(m) "TDSAT" means the Telecom Disputes Settlement and Appellate Tribunal established under the Act;

(n) "TEC" means the Telecommunications Engineering Center within DOT;

(o) "TRAI" means the Telecommunications Regulatory Authority of India established under the Act; and

(p) "WPC" means the Wireless Planning Coordination Wing within DOT.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount equal to sixty-two million dollars (\$62,000,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

Section 2.03. The Closing Date shall be December 31, 2004 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a fee in an amount equal to one percent (1%) of the amount of the Loan. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of said fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

(i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.

(ii) "Interest Payment Date" means any date specified in Section 2.07 of this Agreement.

(iii) "LIBOR Base Rate" means, for each Interest Period, the London interbank offered rate for six-month deposits in dollars for value on the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.

(iv) "LIBOR Total Spread" means, for each Interest Period: (A) three-fourths of one percent (3/4 of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.06, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months' notice to the Borrower of the new basis. The basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

Section 2.07. Interest and other charges shall be payable semiannually on February 15 and August 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this

end, without any limitation or restriction upon any of its other obligations under this Agreement, shall carry out the Project or cause the Project to be carried out through DOT, TRAI and TDSAT, all with due diligence and efficiency and in conformity with appropriate administrative, financial, telecommunications practices, and shall provide or cause to be provided, promptly as needed, 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 Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project, or cause the Project to be carried out, in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

(c) The Borrower shall release to DOT in respect of the activities carried out by DOT, TRAI and TDSAT under the Project, funds equivalent to the amounts withdrawn by the Borrower from the Loan Account including those deposited in the Special Account, promptly after such withdrawal in accordance with the Borrower's standard arrangements for development assistance to central ministries.

Section 3.02. Except as the Bank shall otherwise agree, procurement of goods and services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank no later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Bank and the Borrower, a plan for the future operation of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on the said plan.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Bank, adequate to reflect in accordance with sound financial management and accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section

including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank, as soon as available, but in any case not later than six 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 Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of Project Management Reports or statements of expenditures, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Bank's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. The Borrower shall prepare, in accordance with guidelines acceptable to the Bank, and furnish to the Bank not later than 45 days after the end of each calendar quarter, a Project Management Report for such period, which:

(a) (i) 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

(ii) shows separately expenditures

financed out of the proceeds of the Loan during  
the period covered by said report and  
expenditures proposed to be financed out  
of the proceeds of the Loan during the six-month  
period following the period covered  
by said report;

(b) (i) describes physical progress in  
Project implementation both cumulatively and  
for the period covered by said report; and

(ii) explains variances between the  
actual and previously forecast implementation  
targets; and

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

#### ARTICLE V

##### Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (p) of  
the General Conditions, the following additional event  
is specified, namely that the regulatory framework  
governing the telecommunications sector shall have  
changed in any way so as to materially and adversely  
affect the ability of the Borrower or any Project  
implementation entity to implement the Project or to  
achieve its objectives.

Section 5.02. Pursuant to Section 7.01 (k) of  
the General Conditions, the events specified in  
Section 5.01 of this Agreement shall occur

#### ARTICLE VI

##### Termination

Section 6.01. The date ninety (90) days after  
the date of this Agreement is hereby specified for the  
purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

Section 7.01. Any Secretary, Additional  
Secretary, Joint Secretary, Director, Deputy Secretary  
or Under Secretary of the Department of Economic  
Affairs in the Ministry of Finance of the Borrower is  
designated as representative of the Borrower for the  
purpose of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are  
specified for the purposes of Section 11.01 of the  
General Conditions:

For the Borrower:

Secretary to the Government of India  
Department of Economic Affairs  
Ministry of Finance, North Block  
New Delhi 110001, India

	Cable address:	Telex:
	ECOFAIRS	953-31-66175
FINE IN	New Delhi	953-31-61430
FINE IN		

For the Bank:

Development International Bank for Reconstruction and  
 1818 H Street, N.W.  
 Washington, D.C. 20433  
 United States of America

	Cable address:	Telex:
	INTBAFRAD	248423 (MCI)
or	Washington, D.C.	64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Washington, D.C., as of the day and year first above written.

INDIA

By /s/ R. S. Sharma  
 Authorized Representative

RECONSTRUCTION INTERNATIONAL BANK FOR  
 AND DEVELOPMENT

By /s/ Edwin R. Lim  
 Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

Part A: General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

% of Expenditures to be Financed	Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)
(1)	Goods	50,000,000



100% of foreign expenditures; 100% of local expenditures (exclusive of factory cost) and 80% of local expenditures for other items procured locally

(2)	Consultants' services	4,500,000
100%		
(3)	Training and Study Tours	2,500,000
100%		
(4)	Fee	620,000
Amount due under		

Section 2.04 of this Agreement

(5)	Unallocated	4,380,000
	TOTAL	62,000,000

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed the equivalent of \$4,000,000 may be made on account of payments made for expenditures before that date but after August 15, 1999; and

(b) for Part B.2 of the Project unless: (i) the plan of action referred to in paragraph 6(a) of Schedule 5 to this Agreement shall have been submitted to the Bank; and (ii) TDSAT shall have established a financial management system satisfactory to the Bank.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for: (i) goods under contracts costing the equivalent of \$200,000 or less; (ii) consultant services under contracts costing less than \$100,000 equivalent for employment of consulting

firms; (iii) consultant services under contracts costing less than \$50,000 for employment of individual consultants; and (iv) training and study tours, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

Part B: Special Account

1. The Borrower shall open and maintain in dollars a special deposit account in the Reserve Bank of India on terms and conditions satisfactory to the Bank.

2. After the Bank has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Loan Account of amounts to be deposited into the Special Account shall be made as follows:

(a) until the Bank shall have received: (i) the first Project Management Report referred to in Section 4.02 of this Agreement; and (ii) a request from the Borrower for withdrawal on the basis of Project Management Reports, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) upon receipt by the Bank of a Project Management Report pursuant to Section 4.02 of this Agreement accompanied by a request from the Borrower for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if the Bank determines at any time that any Project Management Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

(b) if the Bank determines at any time that all further withdrawals should be made by the Borrower directly from the Loan Account; or

(c) if the Borrower shall have failed to furnish to the Bank within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (A) the records and accounts for the Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports or statements of expenditures.

5. The Bank shall not be required to make further

deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Bank determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Loan Agreement.

#### Annex A to SCHEDULE 1

##### Operation of Special Account When Withdrawals Are Not Made On the Basis of Project Management Reports

1. For the purposes of this Annex the term "Authorized Allocation" means an amount of \$3,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 2 of this Annex.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower

shall have requested.

(b) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposit into the Special Account at such intervals as the Bank shall specify. Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Bank from the Loan Account under one or more of the Eligible Categories.

3. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Loan minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

#### Annex B to SCHEDULE 1

##### Operation of Special Account When Withdrawals Are Made On the Basis of Project Management Reports

1. Except as the Bank may otherwise specify by notice to the Borrower, all withdrawals from the Loan Account shall be deposited by the Bank into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Bank from the Loan Account under one or more of the Eligible Categories.

2. Each application for withdrawal from the Loan Account for deposit into the Special Account shall be supported by a Project Management Report.

3. Upon receipt of each applications for withdrawal of an amount of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account an amount equal to the lesser of:

(a) the amount so requested; and

(b) the amount which the Bank has determined, based on the Project Management Report accompanying said applications, is required to be deposited in

order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the Special Account, shall not exceed the equivalent of \$6,000,000.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to strengthen elements of the policy and regulatory environment of the telecommunications sector in India for the purpose of promoting private investment, competition, rural connectivity and customer satisfaction.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

#### Part A: Support to DOT

1. Strengthening DOT's government functions through the provision of equipment, consultants' services and training.
2. Acquisition, installation and implementation of a national frequency spectrum monitoring and management network, including all required computerized tools and procedures for automating spectrum frequency assignments, for issuing license, and for preventing harmful interference among users of the frequency spectrum and the enforcement of regulations which permit the harmonious use of the spectrum by all its users.
3. Carrying out an assessment of the system of spectrum management and preparing an implementation plan for its modernization.
4. Strengthening the institutional capabilities of WPC in the field of spectrum management and monitoring.
5. Preparing and implementing programs to enhance WPC's technical, managerial and commercial skill, including spectrum pricing, and educate industry participants regarding spectrum use and compliance requirements.
6. Strengthening the institutional capabilities of TEC to set technical standards in the multi-operator telecommunications sector.

#### Part B: Support to TRAI and TDSAT

1. Strengthening the institutional capabilities of TRAI to perform its functions under the Act including:
  - (a) provision of training to TRAI staff; and
  - (b) carrying out consultative studies on regulatory issues, including, inter alia, in regulatory infrastructure, sector liberalization,

spectrum management, licensing and inter-connection issues, development network and services, convergence, network access, universal service obligations, quality of service and customer satisfaction, and fostering fair competition.

2. Formulating and implementing a program of technical assistance for strengthening the institutional capabilities of TDSAT in the areas of adjudication and dispute resolution.

\* \* \*

The Project is expected to be completed by June 30, 2004.

SCHEDULE 3

Amortization Schedule

of Principal Date Payment Due Expressed in Dollars)*	Payment (
February 15, 2006	
1,235,000	
August 15, 2006	
1,275,000	
February 15, 2007	
1,320,000	
August 15, 2007	
1,365,000	
February 15, 2008	
1,410,000	
August 15, 2008	
1,455,000	
February 15, 2009	
1,505,000	
August 15, 2009	
1,555,000	
February 15, 2010	
1,605,000	
August 15, 2010	
1,660,000	
February 15, 2011	
1,715,000	
August 15, 2011	
1,770,000	
	February 15, 2012
	1,830,000
August 15, 2012	
1,890,000	
February 15, 2013	
1,955,000	
August 15, 2013	
2,020,000	
February 15, 2014	
2,085,000	
August 15, 2014	
2,155,000	
February 15, 2015	
2,225,000	
August 15, 2015	
2,300,000	
February 15, 2016	
2,380,000	
August 15, 2016	

2,455,000  
February 15, 2017  
2,540,000  
August 15, 2017  
2,625,000  
February 15, 2018  
2,710,000  
August 15, 2018  
2,800,000  
February 15, 2019  
2,895,000  
August 15, 2019  
2,990,000  
February 15, 2020  
3,090,000  
August 15, 2020  
3,185,000

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\* The figures in this column represent the amount in dollars to be repaid, except as provided in Section 4.04 (d) of the General Conditions.

#### SCHEDULE 4

##### 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, September 1997 and January 1999 (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 and works 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 following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

##### (a) Preference for Domestically Manufactured Goods and Domestic Contractors

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 works to be carried out by domestic contractors.

##### (b) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost \$10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under

paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed the equivalent of \$1,000,000 may be procured under contracts awarded on the basis of competitive bidding advertised nationally in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines and procedures satisfactory to the Bank.

2. Direct Contracting

Computer software, CD ROMS, audio and video-cassettes, and books, which must be purchased from the original supplier to be compatible with existing equipment or are of a proprietary nature and costing \$600,000 equivalent or less in the aggregate, may, with the Bank's prior agreement, 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 prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank 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 Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to all contracts for goods estimated to cost the equivalent of \$200,000 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 and revised in September 1997 and January 1999 (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 for services of the Project, 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 radio spectrum management assessment under Part A.3 of the Project may be procured under contracts awarded in accordance with the provisions of paragraphs 3.5 of the Consultant Guidelines.

2. Source Selection based on Consultants' Qualifications

Services for training and domestic long distance assessment may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 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 Bank 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 Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

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 Bank 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 5

Implementation Schedule

1. The Borrower shall carry out or cause to be carried out the Project in accordance with the procedures and performance and monitoring indicators set out in the PIP and shall not amend such PIP or waive any provision thereof, which in the opinion of the Bank, shall materially or adversely affect the implementation of the Project.

2. The Borrower shall cause DOT, WPC, TEC and TRAI to maintain during the implementation of the Project, the PCU, the PIUs and PMUs with sufficient powers, functions, staff and resources satisfactory to the Bank.

3. For the purpose of carrying out Part A.2 of the Project, the Borrower shall cause WPC by June 30, 2003, to implement a state-of-the art computerized licensing system and install modernized spectrum monitoring facilities for effective control and regulation.

4. For the purpose of carrying out Part A.3 of the Project, the Borrower shall cause WPC by December 31, 2000 to formulate a time bound action plan, satisfactory to the Bank, for strengthening radio spectrum management and monitoring, and to implement such plan in accordance with the provisions thereof.

5. The Borrower shall make available to TRAI, through DOT, a portion of the proceeds of the Loan in order to enable TRAI to carry out the activities under Part B.1 of the Project in accordance with a time schedule and terms of reference satisfactory to the Bank.

6. The Borrower shall:

(a) no later than June 30, 2001 submit to the Bank a time bound plan of action for implementing a program of technical assistance for TDSAT under Part B.2 of the Project, satisfactory to the Bank; and

(b) make available to TDSAT, through DOT, a portion of the proceeds of the Loan in order to enable TDSAT to implement such plan of action in a manner satisfactory to the Bank.

7. The Borrower shall:

(a) maintain or cause to be maintained

policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare or cause to be prepared, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about March 31, 2002, 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 or cause to be reviewed with the Bank by June 30, 2002, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures 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 Bank's views on the matter.

