

CONFORMED COPY

CREDIT NUMBER 2630 IN

Project Agreement

(Family Welfare (Assam, Rajasthan and Karnataka) Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF ASSAM  
STATE OF KARNATAKA  
STATE OF RAJASTHAN

Dated June 24, 1994

CREDIT NUMBER 2630 IN

PROJECT AGREEMENT

AGREEMENT, dated June 24, 1994, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and THE STATES of ASSAM, KARNATAKA AND RAJASTHAN (ACTING BY THEIR RESPECTIVE GOVERNORS) (referred to collectively hereinafter as Project States).

WHEREAS by the Development Credit Agreement of even date herewith between India, acting by its President (the Borrower) and the Association (the Development Credit Agreement), the Association has agreed to make available to the Borrower an amount in various currencies equivalent to sixty-two million seven hundred thousand Special Drawing Rights (SDR 62,700,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Project States agree to undertake such obligations toward the Association as are set forth in this Agreement; and

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 thereto, and in the General Conditions (as so defined in the Development Credit Agreement) have the respective meanings therein set forth.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) The Project States declare their commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out their respective parts of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, family welfare and medical practices and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association shall otherwise agree, the Project States shall carry out their respective parts of 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 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. Each of 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 applicable to the Development Credit Agreement (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 that part of the Project carried out by each of them respectively.

Section 2.04. (a) Each of 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) Each of 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 each of the Project States of its respective obligations under this Agreement.

## ARTICLE III

### Financial Covenants

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

(b) Each Project State shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than nine months after the end of each such year, certified copies of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

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

#### ARTICLE IV

##### Effective Date; Termination; Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 4.02. (a) This Agreement and all obligations of the Association and of 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 (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 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 applicable to the Development Credit Agreement.

#### 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 Assam:

Chief Secretary to the Government of Assam  
Guwahati, India

For Karnataka:

Chief Secretary to the Government of Karnataka  
Bangalore, India

For Rajasthan:

Chief Secretary to the Government of Rajasthan,  
Jaipur, India

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 Project State may be taken or executed by its Chief Secretary or such other person or persons as the respective 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 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 ASSAM  
STATE OF KARNATAKA  
STATE OF RAJASTHAN

By /s/ N. Valluri

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 C hereof, goods and works 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 International Bank for Reconstruction and Development (the Bank) in May 1992 (the Guidelines).

(a) 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.

(b) In the procurement of goods and works in accordance with this Project, the Borrower shall use the relevant standard bidding documents issued by the Association, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Association, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

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. Contracts (a) for office, furniture, health kits, laboratory and medical equipment estimated to cost \$50,000 or more but no more than \$100,000 equivalent per contract, up to an aggregate amount for the Project not exceeding \$9,400,000 equivalent; and (b) for civil works (except as provided in paragraph 2 of Part C of this Schedule) shall be awarded on the basis of competitive bidding advertised locally, in accordance with procedures satisfactory to the Association.

2. Contracts for civil works up to an aggregate value of \$6,600,000 shall be carried out by the relevant Project State through force account, or using local communities or non-governmental organizations, under procedures satisfactory to the Association.

3. (i) Furniture, office, laboratory and medical equipment, training materials, and health kits, estimated to cost up to \$50,000 equivalent per contract; and medical materials, books and medicines estimated to cost \$25,000 or more but no more than \$50,000 equivalent per contract, up to an aggregate amount for the Project not exceeding \$7,600,000 equivalent; and (ii) vehicles up to an aggregate amount for the Project not exceeding \$300,000 equivalent shall be procured under quotations solicited from a list of at least three suppliers, in accordance with procedures satisfactory to the Association.

4. Medicines and medical materials, teaching aids, books and medicines estimated to cost up to \$25,000 equivalent per contract, up to an aggregate amount for the Project not exceeding \$2,300,000 equivalent shall be procured either (i) under quotations solicited from a list of at least three suppliers; or (ii) under direct contracts with suppliers thereof, in accordance with procedures satisfactory to the Association.

5. Publicity services estimated to cost up to an aggregate value of \$1,300,000 for the Project shall be procured by the Borrower or Project States under direct contracts with the Borrower's Ministry of Information and Broadcasting, or with the relevant department or agency of the State Government.

6. IEC services estimated to cost up to \$25,000 per contract, up to an aggregate value of \$3,000,000 shall be procured by the Borrower or Project States from local commercial suppliers of such services, in accordance with procedures satisfactory to the Association.

7. mopeds, motorcycles and bicycles estimated to cost up to \$2,000 per contract up to an aggregate of \$4,900,000 shall be purchased by end-users in accordance with established commercial practices acceptable to the bank.

Part E: Review by the Association of Procurement Decisions

1. Review of prequalification:

With respect to the prequalification of bidders as provided in Part A hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

2. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for goods or civil works 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.

3. 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 Borrower and Project States in implementing the Project, each of them 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 Consultant Guidelines). For complex, time-based assignments, the Borrower and the Project States shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Association, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Association, the Borrower and Project States shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant 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 (a) contracts for the employment of consulting firms estimated to cost less than the \$100,000 equivalent each; or (b) contracts for the employment of individuals estimated to cost less than \$50,000 equivalent each. However, this exception to prior Association review shall not apply to (a) the terms of reference for such contracts; (b) single-source selection of consulting firms; (c) assignments of a critical nature as reasonably determined by the Association; (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

### SCHEDULE 2

## Implementation Program

### Project Management, Planning, Review and Reporting

1. Each Project State shall respectively establish or appoint by October 30, 1994 and maintain with terms of reference satisfactory to the Association: (i) the State Empowered Committee (Assam and Rajasthan); (ii) the Project Governing Board (Karnataka); (iii) the Project Management Committee (Assam), Steering Committee (Karnataka) or the Monitoring Committee (Rajasthan), as the case may be; (iv) the Project Secretariat and the Project Director in Rajasthan; (v) the Project Directorate; (vi) the Project Director (Assam), Project Coordinator (Karnataka) or Project Coordinator (Rajasthan); and (vii) District Coordinating Committees (Rajasthan).

2. Each Project State shall appoint by December 31, 1994 key staff responsible for Project implementation.

3. Each Project State shall ensure that the Empowered Committee for the Project shall hold regular meetings as required, not less than once every six months, to assist in effective Project implementation.

4. Each Project State shall submit to the Association by January 31 of each year annual plans for civil works, training, IEC, MIS and service

delivery for the following 12 months, with form and content satisfactory to the Association.

5. Without prejudice to any other provision of this Agreement, each Project State shall submit to the Association by May and November of each calendar year starting May, 1995, six-monthly progress reports on Project implementation with form and content satisfactory to the Association.

6. Without limiting the generality of any other provision of this Agreement, each Project State shall (i) carry out, by July 31, 1995 a baseline survey of family welfare status and access with scope and content satisfactory to the Association; (ii) on the basis of procedures and monitoring benchmarks satisfactory to the Association, carry out by December 31, 1997 a mid-term review of the Project with the Association to evaluate progress in Project implementation including quality of services provided under the Project; (iii) take into account the findings of such review during further implementation of the Project; and (iv) carry out by March 31, 2001, final evaluation surveys with scope and content satisfactory to the Association including family welfare status and access.

7. Each Project State shall monitor the implementation of its State Action Plan using key indicators satisfactory to the Association and shall promptly provide to the Association periodic reports on progress in implementation of such State Action Plan.

State Action Plans:

8. Each Project State shall carry out its respective State Action Plan.

Selection of CHCs, PHCs and Sub-Centers

9. Each Project State shall select the location and sites of CHCs, PHCs and sub-centers providing family welfare services, in accordance with criteria satisfactory to the Association.

Operation and Maintenance

10. Without limiting the generality of any other provision of this Agreement, each Project State shall ensure that adequate resources are provided on a timely basis as required for the maintenance of designated family welfare facilities and shall ensure that such facilities are adequately maintained.

Provision of Drugs and Other Medical Materials:

11. Each Project State shall ensure that adequate supplies of drugs and medical materials are made available to sub-centers, PHCs, CHCs and FRUs on a timely basis inter alia by: (a) establishing by December 31, 1994, an essential drugs list for use in the family welfare program; (b) ensuring that from January 1, 1995, only drugs and other medical materials on the essential drugs list referred to in sub-paragraph (a) of this paragraph are purchased for the use of the family welfare program; and (c) mobilizing incremental resources for sub-centers, PHCs and FRUs for medicines and other required medical materials.

Tribal and Remote Areas

12. Each Project State shall ensure that the Project is implemented in tribal and remote areas, and in respect of migratory communities in Rajasthan, in accordance with the implementation plan agreed with the Association.

Non-Governmental Organizations

13. Each Project State shall select non-governmental organizations and private medical practitioners for providing services under the Project in accordance with procedures and criteria satisfactory to the Association.

Innovative Schemes

14. Each Project State shall carry out innovative schemes under Part E(1) of the Project selected with the approval of the Association.

Karnataka

Rehabilitation of Family Welfare Facilities:

15. Karnataka shall commence by July 1, 1995 a program satisfactory to the Association for the rehabilitation of family welfare facilities constructed prior to the commencement of the Project consisting of:

- (a) rehabilitation of about 2500 family welfare facilities, primarily sub-centers, by December 31, 1997; and
  - (b) rehabilitation of all remaining facilities by July 1, 1999.
- 