

CONFORMED COPY

CREDIT NUMBER 2154 PAK

Provinces Project Agreement  
(Second Agricultural Research Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF PUNJAB

and

PROVINCE OF SIND

and

NORTH WEST FRONTIER PROVINCE

and

PROVINCE OF BALUCHISTAN

Dated July 27, 1990

CREDIT NUMBER 2154 PAK

PROVINCES PROJECT AGREEMENT

AGREEMENT, dated July 27, 1990, among INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and PROVINCE OF PUNJAB, PROVINCE OF SIND, NORTH WEST FRONTIER PROVINCE and PROVINCE OF BALUCHISTAN, acting by their respective Governors (the Provinces).

WHEREAS (A) by the Development Credit Agreement of even date herewith between the 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 forty-four million four hundred thousand Special Drawing Rights (SDR 44,400,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Provinces agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) a portion of the proceeds of the credit provided for under the Development Credit Agreement will be made available to the Provinces; and

WHEREAS the Provinces, 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 and the following additional terms have the following meanings:

- (a) "DOA" means the Department of Agriculture of a Province; and
- (b) "DOL" means the Department of Livestock of a Province.

#### ARTICLE II

##### Execution of the Project

Section 2.01. (a) The Provinces 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 Parts A.2, A.3, A.4, A.5, B.2 and D (relevant part) of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and agricultural research practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Parts A.2, A.3, A.4, A.5, B.2 and D (relevant part) of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and the Provinces shall otherwise agree, the Provinces shall carry out Parts A.2, A.3, A.4, A.5, B.2 and D (relevant part) of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

(c) The Provinces shall, for the purposes of Parts A.2, A.3, A.4, A.5, B.2 and D (relevant part) of the Project, open and maintain in dollars special accounts in the National Bank of Pakistan on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Punjab Special Account, the Sind Special Account, the NWFP Special Account and the Baluchistan Special Account shall be made in accordance with the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Parts A.2, A.3, A.4, A.5, B.2 and D (relevant part) of 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 Provinces 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 Parts A.2, A.3, A.4, A.5, B.2 and D (relevant part) of the Project.

Section 2.04. (a) The Provinces shall, at the request of the Association, exchange views with the Association with regard to the progress of Parts A.2, A.3, A.4, A.5, B.2 and D (relevant part) of

the Project, the performance of their obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) The Provinces shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of Parts A.2, A.3, A.4, A.5, B.2 and D (relevant part) of the Project, the accomplishment of the purposes of the Credit, or the performance by the Provinces of their obligations under this Agreement.

### ARTICLE III

#### Financial Covenants

Section 3.01. (a) The Provinces shall maintain records and accounts adequate to reflect in accordance with sound accounting practices their operations and financial condition in respect of Parts A.2, A.3, A.4, A.5, B.2 and D (relevant part) of the Project.

(b) The Provinces shall:

- (i) have such records and accounts and those for their Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) for the purposes of such audit, make available such records and accounts to said auditors, not later than three months after the end of each such year;
- (iii) furnish to the Association 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 Association shall have reasonably requested; and
- (iv) 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.

Section 3.02. (a) The Provinces shall provide adequate capital and operational funds to AUP, SARO, PARB and BARB, respectively, so as to enable AUP, SARO, PARB and BARB to successfully implement their long-term research plans as set forth in their respective PRMPs.

(b) To that end, the Provinces shall, following each review of PRMPs pursuant to paragraph 3 of Schedule 2 to this Agreement, make such adjustments to their respective research priorities and related work programs and financing plans for agricultural research for the following twelve months as shall have been agreed with the Association in light of the conclusions of such review.

### 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 Provinces 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 Provinces 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 among 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.U.  
Washington, D.C. 20433  
United States of America

Cable address:

INDEVAS  
Washington, D.C.

Telex:

440098 (ITT),  
248423 (RCA) or  
64145 (WUI)

For Punjab:

Planning and Development Board  
Government of Punjab  
Lahore, Pakistan

Cable address:

DEVELOPMENT  
Lahore, Pakistan

Telex:

952-44868  
Punjab Secretariat  
Lahore, Pakistan

For Sind:

Planning and Development Department  
Government of Sind  
Karachi, Pakistan

Cable address:

DEVELOPMENT SIND  
Karachi, Pakistan

Telex:

952-23950

For NWFP:

Planning and Development Department  
Government of North West Frontier Province  
Peshawar, Pakistan

Cable address:

Telex:

DEVELOPMENT  
Peshawar, Pakistan

952-52371

For Baluchistan:

Planning and Development Department  
Government of Baluchistan  
Quetta, Pakistan

Cable address:

Telex:

DEVELOPMENT  
Quetta, Pakistan

952-7875

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 any Province, or by any Province, on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by the Chairman, Planning and Development Board, in the case of Punjab, or by the Additional Chief Secretary (Development), Planning and Development Department, in the case of Sind, or by the Additional Chief Secretary, Planning and Development Department, in the case of NWFP or Baluchistan, or such other person or persons as he shall designate in writing, and he 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/ W. Wapenhans

Regional Vice President  
Europe, Middle East and North Africa

PROVINCE OF PUNJAB  
PROVINCE OF SIND  
NORTH WEST FRONTIER PROVINCE  
PROVINCE OF BALUCHISTAN

By /s/ M. Afzal

Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent

with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. To the extent practicable, contracts for equipment, machinery, motorcycles and office furniture shall be grouped in bid packages estimated to cost the equivalent of \$50,000 or more each.

#### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Pakistan 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. Civil works may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Equipment, machinery, motorcycles and office furniture estimated to cost less than the equivalent of \$50,000 per contract, up to an aggregate amount not to exceed the equivalent of \$1,000,000, in the case of Punjab, \$600,000, in the case of Sind, \$300,000, in the case of NWFP and \$200,000, in the case of Baluchistan, 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.

3. Spare parts and scientific books and journals, up to an aggregate amount not to exceed the equivalent of \$300,000, in the case of Punjab, \$200,000 in the case of Sind, \$100,000, in the case of NWFP and \$100,000, in the case of Baluchistan, may be procured through direct contracting in accordance with, and subject to, the provisions of paragraph 3.5 of the Guidelines.

#### Part D: Review by the Association of Procurement Decisions

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

(a) With respect to each contract for civil works estimated to cost the equivalent of \$50,000 or more, and each contract for equipment, machinery, motorcycles and office furniture estimated to cost the equivalent of \$70,000 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 a Province's 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 a Province's 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.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

#### Section II: Employment of Consultants

In order to assist the Provinces in preparing PRMPs, making economic assessments of research investments, carrying out diagnostic studies of agroecological zones, conducting priority research programs, instituting a system of monitoring and evaluating research, and providing training, the Provinces shall, not later than December 31, 1990, 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 the World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

## SCHEDULE 2

### Implementation Program

1. Project Coordination. (a) Overall responsibility for coordination of day-to-day project activities shall be exercised: (i) in Punjab, by DOA, in conjunction with DOL, to be replaced for this purpose by PARB upon its establishment not later than June 30, 1991; (ii) in Sind, by DOA, to be replaced for this purpose by SARO upon its establishment not later than June 30, 1991; (iii) in NWFP, by AUP; and (iv) in Baluchistan, by DOA, in conjunction with DOL, to be replaced for this purpose by BARB, upon its establishment not later than June 30, 1991.

(b) Each such agency or department shall be assisted by a Management Support Unit (MSU), to be established not later than December 31, 1990. MSUs shall, within their respective areas of responsibility, inter alia, liaise with PARC; prepare the Provinces' withdrawal applications; monitor and review progress of the Project; and prepare the Provinces' semi-annual progress reports.

2. Project Implementation. Responsibility for project implementation shall be assigned: (a) in Punjab, to DOA, in conjunction with DOL, to be replaced for this purpose by PARB when established, under Parts A.4, A.5 and D of the Project; and to ARIs and AUF, under Part B.2 of the Project; (b) in Sind, to DOA, to be replaced for this purpose by SARO when established, under Parts A.4, A.5 and D of the Project; and to ARIs and SAU, under Part B.2 of the Project; (c) in NWFP, to AUP, under Parts A.4, A.5 and D of the Project; and to ARIs and AUP, under Part B.2 of the Project; and (d) in Baluchistan, to DOA, in conjunction with DOL, to be replaced for this purpose by BARB when established, under Parts A.4, A.5 and D of the Project; and to ARIs, under Part B.2 of the Project. The Provinces shall retain direct responsibility for project implementation under Parts A.2 and A.3 of the Project.

3. PRMP Preparation. The Provinces shall:

(a) not later than October 31, 1990, establish working parties, composed of senior research staff, to assist with the preparation of PRMPs under Part A.4 of the Project;

(b) during the preparation of PRMPs, cooperate, as necessary, with PARC in taking actions and holding meetings so as to ensure the adoption of standard techniques pursuant to paragraph 6 of Schedule 2 to the PARC Project Agreement;

(c) as soon as PRMPs have been prepared, but not later than August 31, 1992, furnish such PRMPs to the Association, for its review and concurrence; and

(d) thereafter, not later than March 31 in each year beginning 1993, furnish such PRMPs, as updated, to the Association, for its review and concurrence.

4. Staff Regulations. Punjab and Baluchistan shall, not later than June 30, 1991, modify their respective Public Service regulations, to the satisfaction of the Association, so as to (a)

provide for the recruitment and the promotion of professional research staff on the basis of merit and achievements in research, as measured by objective criteria; and (b) enhance the opportunities for promotion of such staff within their areas of expertise.

5. Project Reviews. The Provinces shall participate in, and shall offer their full cooperation in facilitating the carrying out of, the annual and mid-term reviews of the Project and the follow-up action all referred to in paragraph 7 of Schedule 2 to the PARC Project Agreement.

6. Progress Reports. Pursuant to Section 9.06 of the General Conditions, the Provinces shall, not later than sixty (60) days after the end of each semester, beginning with the semester ending December 31, 1990, furnish to the Association progress reports under Parts A.2, A.3, A.4, A.5, B.2 and D (relevant part) of the Project, in form and substance satisfactory to the Association.

