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LOAN NUMBER 4843 - IN

# Project Agreement

(Punjab State Road Sector Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

STATE OF PUNJAB

Dated February 26, 2007

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## **PROJECT AGREEMENT**

Agreement dated February 26, 2007, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF PUNJAB (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement of same date between India (“Borrower”) and the Bank (“Loan Agreement”). The Bank and the Project Implementing Entity hereby agree as follows:

### **ARTICLE I - GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

### **ARTICLE II - PROJECT**

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall:
  - (a) carry out the Project through PRBDB in accordance with the provisions of Article V of the General Conditions; and
  - (b) provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

### **ARTICLE III - REPRESENTATIVE; ADDRESSES**

- 3.01. The Project Implementing Entity’s Representative is the Chief Secretary, Government of Punjab.

3.02. The Bank's Address is:

For the Bank:

International Bank for Reconstruction and Development  
1818 H Street, NW  
Washington, DC 20433  
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. The Project Implementing Entity's Address is:

Chief Secretary  
Government of Punjab  
Punjab Civil Secretariat  
Chandigarh 160001

Telephone/Facsimile: ++91-172-2740156

AGREED at New Delhi, India, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCITON AND DEVELOPMENT

By

/s/ Rachid Benmessaoud  
Acting Regional Vice President  
South Asia Region

STATE OF PUNJAB

By

/s/ Karan A. Singh  
Authorized Representative

## **SCHEDULE**

### **Execution of the Project**

#### **Section I. Institutional Arrangements and Project Undertakings**

##### **A. The Project Implementing Entity shall:**

1. Maintain throughout the Project implementation: (a) the SLEC, headed by the Chief Secretary, and empowered to serve as the governance authority for the implementation of the Project; and (b) the PSC, headed by the Secretary Public Works Department, responsible for the overall monitoring of the implementation of the Project.
2. Make the proceeds of the Loan from the Borrower available to the PRBDB within fourteen (14) days of receipt of said proceeds from the Borrower.
3. Take all necessary measures to ensure that: (a) the Project activities are carried out in a manner satisfactory to the Bank and consistent with the R & RPF and relevant EMP or RAP, as the case may be; and (b) the R & RPF, or any EMP or RAP is not revised, amended, or abrogated without the prior approval of the Bank.
4. Design and operationalize, satisfactory to the Bank, by January 31, 2008, a management information system for the purpose of monitoring Project implementation.
5. Take all necessary measures to ensure that: (a) the Institutional Strengthening Framework – which includes, inter alia, the Action Plan for Enhancing Transparency and Accountability, and the Institutional Strengthening Action Plan - is carried out in a manner satisfactory to the Bank; and (b) the Institutional Strengthening Framework is not revised, amended, or abrogated without the prior approval of the Bank.
6. Establish and fully operationalize, satisfactory to the Bank, the Road Maintenance Fund and its Secretariat by January 31, 2008.
7. Take all necessary steps to ensure that from Fiscal Year 2007-08 to 2011-12, that it disburses to the Road Maintenance Fund, through its Finance Department, at least twenty five million Dollars (\$25,000,000) each fiscal year, for the purpose of the maintenance of Plan roads.
8. Carry out and furnish to the Bank, annual reviews of the Road Maintenance Fund, under terms of reference satisfactory to the Bank, commencing April 30, 2008.

9. Maintain throughout the duration of the Project adequate staffing in all concerned agencies and entities to the satisfaction of the Bank, for the proper and timely implementation of the Project.
  10. Implement the RAP, as approved by the Bank, for the Phase I Roads component of the Project referred to in paragraph 1(a)(i) of Schedule 1 to the Loan Agreement in a manner satisfactory to the Bank. The Project Implementation Entity shall prepare a RAP, satisfactory to the Bank, for the Phase II Roads component of the Project referred to in paragraph 1(a)(ii) of Schedule 1 to the Loan Agreement prior to implementing any civil works under said Phase II Roads component. The Project Implementing Entity shall implement the RAP for the Phase II Roads component of the Project in a manner satisfactory to the Bank.
  11. Not initiate the implementation of any activities at the impacted site under either the Phase I Roads component or the Phase II Roads component of the Project until such time that the physical relocation of people who will need to be displaced from the impacted Project site has been completed in a manner satisfactory to the Bank. The Project Implementing Entity shall complete the physical relocation of people under the Phase I Roads component in accordance with said provisions no later than June 5, 2008.
- B. The Project Implementing Entity shall take all necessary measures to ensure that, satisfactory to the Bank, during the period of Project implementation, PRBDB:**
1. Provides sufficient resources and staff required for the Project, including a Consultant Finance/Financial Controller who is assisted by a Manager - Accounts (a Chartered Accountant) working on a full time basis.
  2. Carries out and publishes a traffic census and a vehicle speed survey on the Core Road Network, under terms of reference satisfactory to the Bank, every two (2) years, commencing March 31, 2009.
  3. Carries out and provides to the Bank by March 31 of each year and under terms and conditions satisfactory to the Bank, an annual road condition survey of the Core Road Network, commencing March 31, 2008.
  4. Commencing March 31, 2009, prepares and furnishes to the Project Implementing Entity an annual report of the Road Maintenance Fund, including its audited financial statements and a summary of the PRBDB's decisions. This report shall be publicly disclosed. Subsequent reports shall be provided to the Project Implementing Entity no later than nine months following the end of the preceding Fiscal Year.

5. Commencing January 31, 2009 and on January 31 of each year thereafter during the period of Project implementation, shall prepare and submit to the Project Implementing Entity an annual maintenance program to be financed from the Road Maintenance Fund.

**Section II. Project Monitoring, Reporting, Evaluation**

**A. Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 5.08(b) of the General Conditions and on the basis of indicators agreed with the Bank. Each such Project Report shall cover the period of each Fiscal Year quarter, and shall be furnished to the Borrower not later than forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.
2. Notwithstanding the requirement in Section II.A.1 of the Schedule to this Agreement, the Project Implementing Entity shall prepare and furnish to the Bank by January 31, 2009, a comprehensive progress report, covering the first 24 months of the Project, satisfactory to the Bank.
3. The Project Implementing Entity shall provide to the Borrower not later than December 5, 2012, for incorporation in the report referred to in Section 5.08(c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

**B. Financial Management, Financial Reports; Audits**

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.
2. The Project Implementing Entity shall have its financial statements referred to above audited by auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) <u>National Competitive Bidding</u> , and the additional provisions agreed between the Borrower and the Bank.
(b) Shopping
(c) Direct Contracting
(d) Force Account
(e) Performance-Based Procurement

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Least Cost Selection
(b) Consultants Qualifications
(c) Single Source Selection
(d) Individual Consultants
(e) Selection under a Fixed Budget
(f) Quality Based Selection

**D. Review by the Bank of Procurement Decisions**

Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for goods or works estimated to cost the equivalent of \$10,000,000 or more; (b) all ICB works contracts, plus the first NCB contract per year from each category of works; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$250,000 or more; (d) each contract for consultants' services procured on the basis of Single Source Selection estimated to cost the equivalent of \$100,000 or more; and (e) each contract for consultants' services provided by individuals estimated to cost the equivalent of \$50,000 or more. All other contracts shall be subject to Post Review by the Bank.