

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4258-PAK

Project Agreement

(Punjab Land Records Management and Information Systems Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF PUNJAB

Dated February 28, 2007

Public Disclosure Authorized

CREDIT NUMBER 4258-PAK

PROJECT AGREEMENT

AGREEMENT dated February 28, 2007, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association") and PUNJAB acting by its Governor (the "Project Implementing Entity") (the "Project Agreement") in connection with the Financing Agreement of same date between the Islamic Republic of Pakistan (the "Recipient) and the Association (the "Financing Agreement"). The Association 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 Financing Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Project Agreement have the meanings ascribed to them in the Financing 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 carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall 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 Association 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 Chairman, Planning and Development Board.

3.02. The Association's Address is:

For the Association:

International Association for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C 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:

Planning and Development Board
Government of Punjab
Lahore
Pakistan

Facsimile: (92-42) 9210182

AGREED at Islamabad, Pakistan, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ John Wall

Authorized Representative

PROVINCE OF PUNJAB

By /s/ Shahid Mahmood

Authorized Representative

SCHEDULE

Execution of the Project

Section I. Institutional and Other Arrangements

1. The Project Implementing Entity shall:
 - (a) vest responsibility for the overall management and coordination of the Project in the Board of Revenue; and
 - (b) to that end, ensure that the PMU that was established within BOR for purposes of the Project, will be maintained, with functions, staffing and resources satisfactory to the Association, to be responsible for the operational management, coordination, oversight, monitoring and supervision of the Project.
2. The Project Implementing Entity shall vest responsibility for implementation of Part 2 of the Project in PITB and shall ensure that PITB is maintained with staffing and resources adequate for the implementation of Part 2 of the Project. In carrying out its functions under the Project, PITB shall consult with BOR and PMU and shall provide quarterly progress reports to PMU.
3. Except as the Association shall otherwise agree, the Project Implementing Entity shall ensure:
 - (a) that the Project will be carried out in accordance with the Financial Management Manual and the Procurement Manual; and
 - (b) that the Financial Management Manual and the Procurement Manual will not be amended, varied or waived, if, in the opinion of the Association, such amendment, variation or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.
4. The Project Implementing Entity shall establish a Project Steering Committee (the "Project Steering Committee") and a Project Review Committee (the "Project Review Committee") pursuant to terms of reference acceptable to the Association. The Project Steering Committee shall be responsible for providing oversight and inter-institutional coordination for the Project, as well as approving work programs and budgets and monitoring Project implementation progress. The Project Review Committee shall be responsible for overseeing execution, supervision and monitoring of the Project including reviewing annual work programs and budgets for the Project and making recommendations to the Project Steering Committee for approval.

5. The Project Implementing Entity shall, prior to the implementation of the Project in a district:
 - (i) cause to be established in such district, a District Project Monitoring Group (DPMG) consisting of a district Project Manager and two Project Monitoring Officers as agreed with the Association. The DPMG shall be responsible for monitoring Project implementation effectiveness at the Service Centers and at the Tehsil and Kanungoi levels and submitting quarterly progress reports to the PMU. In carrying out its functions, the DPMG shall report to and coordinate its activities with the executive district officer for revenue in BOR; and
 - (ii) cause to be entered into, a Memorandum of Understanding between BOR and the district, in form and substance acceptable to the Association, setting out, among other things, the Project rationale, design and implementation plan, the relative roles and responsibilities of the district and provincial governments and a plan for the establishment, financial management and staffing of Service Centers as well as a plan for stakeholder consultation and public awareness of such Service Centers.

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 4.08(b) of the General Conditions and on the basis of the indicators agreed with the Association. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later than forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than four (4) months after the Closing Date, for incorporation in the report referred to in Section 4.08(c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such 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 Association, 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 the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. 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 Association 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 Credit 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 Credit 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 Association 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.
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:

<u>Procurement Method</u>
(a) National Competitive Bidding*
(b) Shopping
(c) Direct Contracting
(d) Limited International Bidding

*National Competitive Bidding shall be subject to the following additional procedures:

- (i) Invitations to bid shall be advertised in at least one national newspaper with a wide circulation, at least 30 days prior to the deadline for the submission of the bid;
- (ii) Bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee;
- (iii) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process;
- (iv) Bidding shall not be restricted to pre-registered firms;
- (v) Qualification criteria shall be stated in the bidding documents;
- (vi) Single bids will also be acceptable for evaluation.
- (vii) Bids shall be opened in public, immediately after the deadline for submission of bids;
- (viii) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association;
- (ix) Before rejecting all bids and soliciting new bids, the Association's prior concurrence shall be obtained;
- (x) Bids shall be solicited and contracts shall be awarded on the basis of unit prices and not on the basis of a composite schedule of rates;
- (xi) Contracts shall not be awarded on the basis of nationally negotiated rates;
- (xii) Cost estimates shall be prepared on the basis of market rates;
- (xiii) Contracts shall be awarded to the lowest evaluated and qualified bidder; and
- (xiv) Post-bid negotiations shall not be allowed with the lowest evaluated or any other bidders.

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 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.

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

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) all goods and works contracts procured on the basis of ICB; (b) the first goods contract procured by PMU and PITB on the basis of NCB as well as Shopping regardless of its value; (c) the first works contract procured on the basis of NCB as well as Shopping regardless of its value; (d) the first consultancy services contract with a firm procured by PMU and PITB regardless of its value; (e) all consultants' services contracts with firms procured by PMU and PITB estimated to cost US\$200,000 equivalent per contract or more; (f) the first individual consultant contract procured by PMU and PITB regardless of its value; (g) all individual consultants' contracts procured by PMU and PITB estimated to cost more than US\$100,000 equivalent per contract; and (h) the first non-consultancy services contract procured by PITB regardless of its value. All other contracts shall be subject to Post Review by the Association.

Section IV. Other Undertakings

1. Unless the Association shall otherwise agree, the Project Implementing Entity shall, through a budgetary transfer to each Participating District each year, provide adequate funds from its own resources to cover the operating costs of the Service Centers at the district, Kanungoi and Tehsil levels after the initial eighteen (18) months of such Service Center's operations.