

Legal Documents
Confidential Draft
Subject to change
September 19, 2002
Sara Gonzalez Flavel

CREDIT NUMBER IN

Project Agreement

(Technical/Engineering Education Quality Improvement Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF HARYANA
STATE OF HIMACHAL PRADESH
STATE OF KERALA
STATE OF MADHYA PRADESH
STATE OF MAHARASHTRA
STATE OF UTTAR PRADESH

Dated _____, 2002

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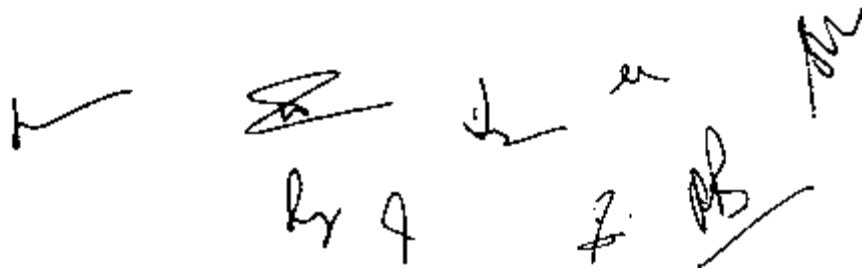
PROJECT AGREEMENT

AGREEMENT, dated _____, 2002, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and STATE OF HARYANA, STATE OF HIMACHAL PRADESH, STATE OF KERALA, STATE OF MADHYA PRADESH, STATE OF MAHARASHTRA and STATE OF UTTAR PRADESH, each acting by its Governor.

WHEREAS by the Development Credit Agreement of even date herewith between India (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to one hundred eighty nine million Special Drawing Rights (SDR189,000,000), on the terms and conditions set forth in the Development Credit Agreement, but only on conditions that the Project States agree to undertake such obligations toward the Association as are set forth in this Agreement;

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;

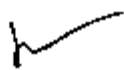

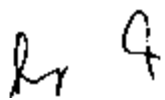




NOW THEREFORE the parties hereto hereby agree as follows:

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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.



by  & 
  

ARTICLE II

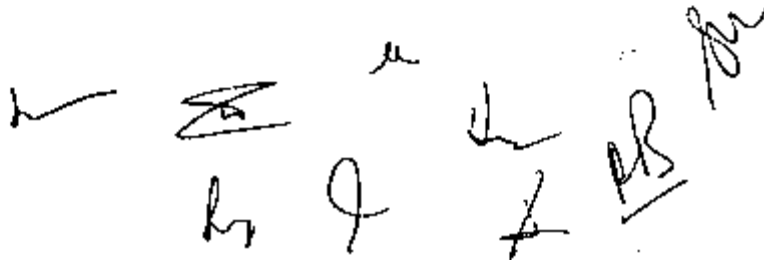
Execution of the Project

Section 2.01. (a) The Project States declare their commitment to the objective of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out their respective Part of the Project, as appropriate, including through the Project Institutions with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and educational 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, the Borrower and the Project States shall otherwise agree, the Project States shall carry out their respective Part of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

(c) Without limitation upon the provisions of paragraph (a) of this Section the Project States shall provide prompt and adequate funding to the Project Institutions in a timely manner and in four quarterly installments based on utilization reports to be submitted in accordance with the procedures set forth in the PIP.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' 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.



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Section 2.03. (a) The Project States shall carry out and shall also ensure that their respective Project Institutions 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 their respective Part of the Project.

(b) For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Project States shall:

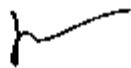







- (i) prepare, on the basis of guidelines acceptable to the Association and furnish to the Borrower, not later than four (4) months after the Closing Date or such later date as may be agreed for this purpose among the Association, the Borrower and the Project States, a plan for the future operation of the Project; and
- (ii) afford the Borrower a reasonable opportunity to exchange views with them on the said plan.

Section 2.04. (a) The Project States shall, at the request of the Association, exchange views with the Association with regard to the progress of their respective Part of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) The Project States shall promptly inform the Association and the Borrower of any condition which interferes or threatens to interfere with the progress of their respective Part of the Project, the accomplishment of the purposes of the Credit, or

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the performance by the Project States of their respective obligations under this Agreement.


    
As of  AS 

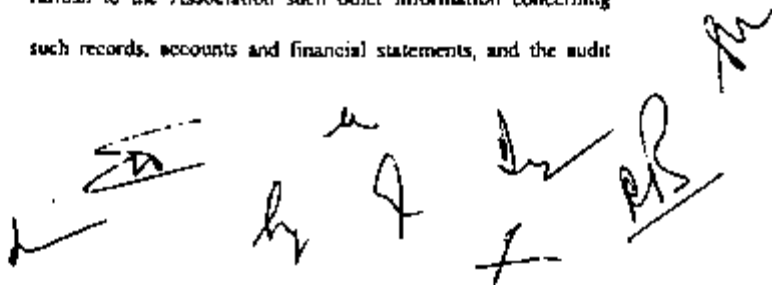
ARTICLE III

Financial Covenants

Section 3.01. (a) The Project States shall maintain financial management systems, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect in accordance with sound financial management and accounting practices the operations, resources and expenditures related to their respective Part of the Project of the departments or agencies of the Project States and the Project Institutions responsible for carrying out the Project or any part thereof.

(b) The Project States shall:

- (i) have their records, accounts and financial statements referred to in paragraph (a) of this Section for each Fiscal Year audited, in accordance with 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 six months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section, for such year as so audited, and (B) an opinion on such statements and 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 such records, accounts and financial statements, and the audit

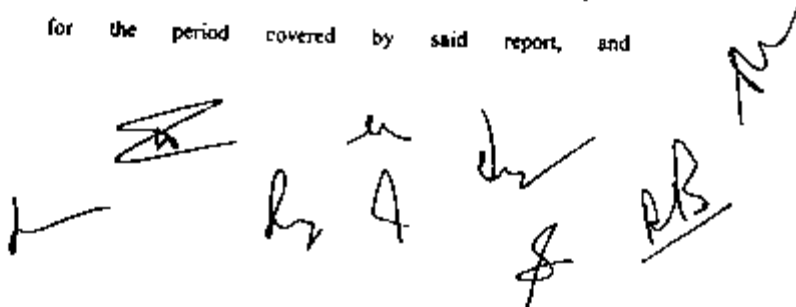


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thereof, and concerning said auditors, as the Association may from time to time reasonably request.

Section 3.02. (a) Without limitation upon the provisions of Section 3.01 of this Agreement, the Project States shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of Section 3.01 in order to enable the Project States, by January 1, 2004, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association, each of which:

- (i) (A) sets forth actual sources and applications of funds for their respective Part of the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for their respective Part of the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;
- (ii) (A) describes physical progress in Project implementation by the respective SPFUs and Project Institutions, both cumulatively and for the period covered by said report, and

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

(iii) sets forth the status of procurement under their respective Part of the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Project States shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

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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 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.

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

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For State of Haryana:

Mr. Dharam Vir
Principal Secretary (Technical Education)
Government of Haryana,
Haryana Civil Secretariat, Sector - I
Chandigarh - 160 017
Haryana

Telephone:

91-172-740009

Facsimile:

91-172-746640

For State of Himachal Pradesh:

Mr. Sudripta Roy
Secretary (Technical Education)
Government of Himachal Pradesh
H.P. Secretariat
Armsdale Building
Shimla - 171 002
Himachal Pradesh

Telephone:

91-177-220105

Facsimile:

91-177-220105, 221154

For State of Kerala:

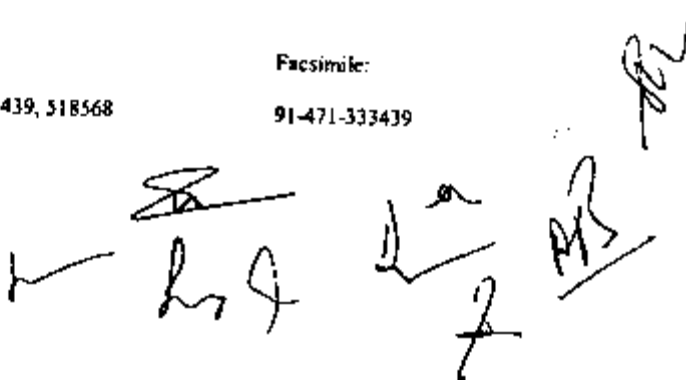
Mr. K. Mohan Das
Principal Secretary (Higher Education)
Government of Kerala, Government Secretariat
Thiruvananthapuram - 695 001
Kerala

Telephone:

91-471-333439, 518568

Facsimile:

91-471-333439



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For State of Madhya Pradesh:

Mr. R. Parasuram
Secretary
Government of Madhya Pradesh
Technical Education & Manpower
Planning Department
Vallabh Bhawan
Bhopal - 462 004
Madhya Pradesh

Telephone:

91-755-551916

Facsimile:

91-755-554912

For State of Maharashtra:

Ms. Chandra Iyengar
Principal Secretary (Higher and Technical Education)
Government of Maharashtra
Room No. 411, Mantralaya Annexe
Mumbai - 400 032
Maharashtra

Telephone:

91-22-2025301

Facsimile:

91-22-2022606, 2882664

For State of Uttar Pradesh:

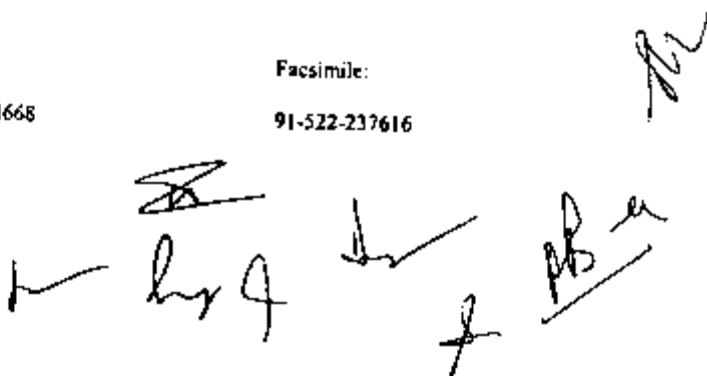
Ms. Stuti Kacker
Secretary
Technical Education Department
Government of Uttar Pradesh
Sachivalaya
Lucknow - 226 001

Telephone:

91-522-238668

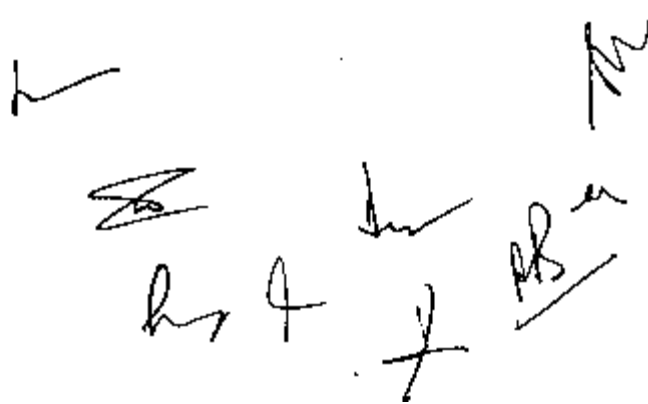
Facsimile:

91-522-237616

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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 of the Project States, may be taken or executed by its Chief Secretary or such other person or persons as the concerned 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.

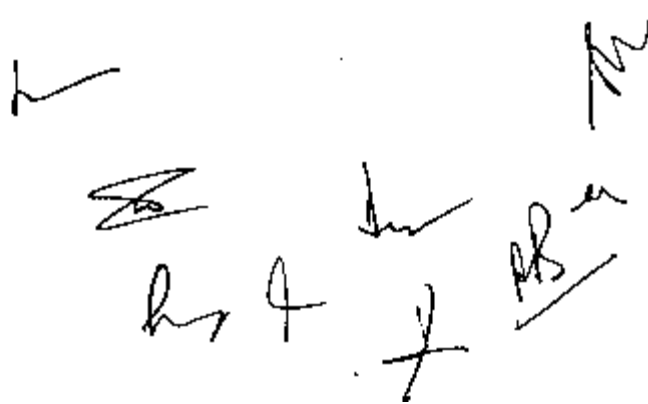
Section 5.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.



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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 of the Project States, may be taken or executed by its Chief Secretary or such other person or persons as the concerned 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.



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STATE OF HIMACHAL PRADESH

By

Authorized Representative

STATE OF KERALA

By

Authorized Representative

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STATE OF MADHYA PRADESH

By

Authorized Representative

STATE OF MAHARASHTRA






By

Authorized Representative

STATE OF UTTAR PRADESH

By

Authorized Representative



by 4   

SCHEDULE I

Procurement and Consultants' Services

Section I. Procurement of Good 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 provisions of the following Parts of this Section I.

Part B: Except as otherwise provided in Part C of this Section, goods estimated to cost \$300,000 or more per contract, shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and Paragraph 5 of Appendix I thereto.

Part C: Procurement Procedures

1. National Competitive Bidding

Works to be carried out under an Institutional Development Subproject and estimated to cost \$50,000 or more per contract and equipment estimated to cost more than \$50,000 equivalent per contract but less than \$300,000 equivalent may be procured under contracts awarded in accordance with procedures agreed with the Association.

2. National and International Shopping

Vehicles, equipment and furniture estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded on the basis of shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

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3. Direct Contracting

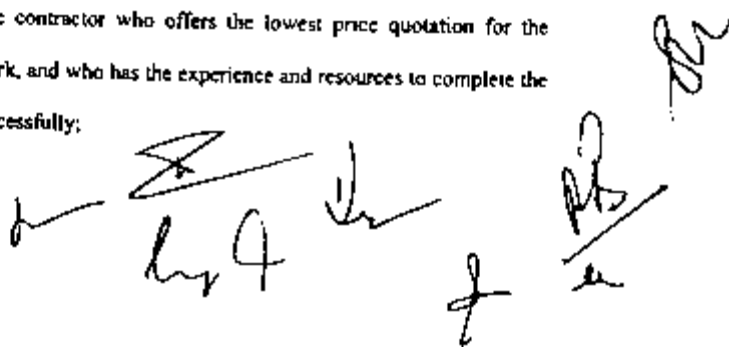
The following items estimated to cost up to an aggregate amount of \$10,000,000 equivalent may, with the Association's prior agreement, be procured in accordance with paragraph 3.7 of the Guidelines:

- (a) equipment which is of a proprietary nature and is estimated to cost less than \$20,000 equivalent per contract;
- (b) books and learning resources estimated to cost less than \$50,000 equivalent per contract, and
- (c) small items estimated to cost less than \$500 equivalent per contract, up to an aggregate amount not to exceed \$1,000,000 equivalent.

4. Procurement of Small Works

Works to be carried out under an Institutional Development Subproject and estimated to cost \$50,000 equivalent or less per contract may:

- (i) be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully;



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- (ii) be procured under the unit/piece rate systems through qualified contractors; or
- (iii) as a last resort, be carried out by force account provided such works meet the requirements of the provisions of paragraph 3.8 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

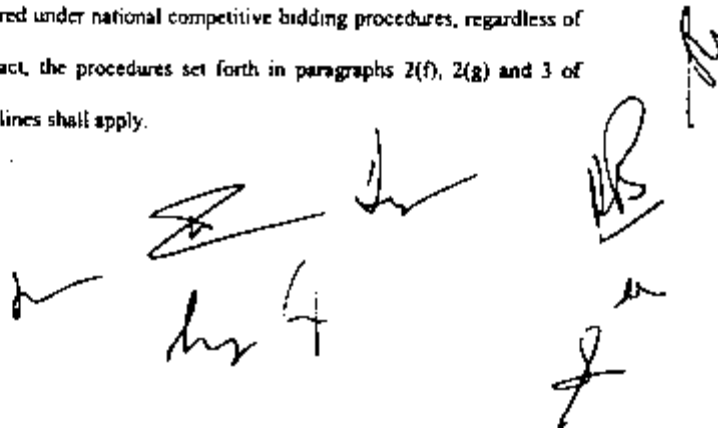
1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association 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 Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to: (a) each contract for goods and works estimated to cost the equivalent of \$300,000 or more; (b) the first contract for goods by each SPFU, the NPFU and the Project Institutions procured under national competitive bidding procedures, regardless of the value of such contract; and (c) the first contract for works by each Project Institution procured under national competitive bidding procedures, regardless of the value of such contract, the procedures set forth in paragraphs 2(f), 2(g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

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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

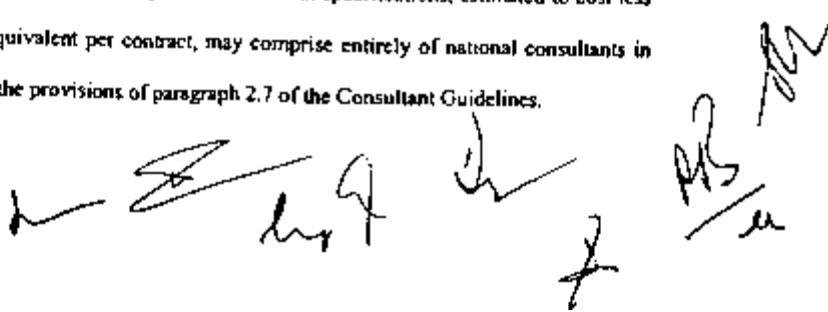
Part A: General

1. Consultants' services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997, January 1999, and May 2002 subject to the modifications thereto set forth in paragraph 2 of this Part A of this Section II (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

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 2.13 through 2.18 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 for procurement of works and goods including procurement planning and development of technical specifications, estimated to cost less than \$500,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.



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Part C: Other Procedures for the Selection of Consultants

1. **Selection Under a Fixed Budget**

Services for academic aspects of Institutional Development Subprojects estimated to cost less than \$200,000 equivalent per contract may be procured in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. **Selection Based on Consultants' Qualifications**

Services for conduct of performance, reforms, quality and efficiency audits and for policy research studies estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

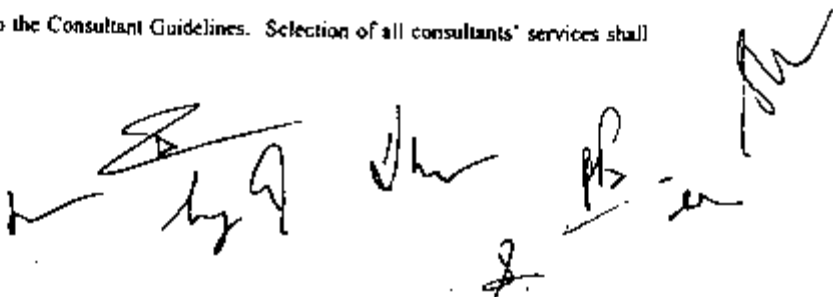
3. **Individual Consultants**

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association 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 Association 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



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be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) 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 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) 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 Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

(c) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$20,000 or more, and for the employment of individual consultants estimated to cost the equivalent of \$10,000 or more, the terms of reference of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

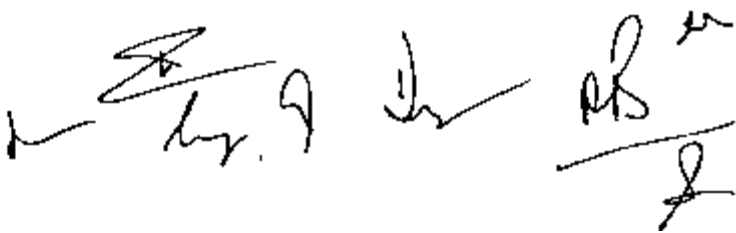
With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

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SCHEDULE 2

Implementation Program

1. The Project States shall implement the Project in accordance with the Project Implementation Plan agreed with the Association and, except as the Association shall otherwise agree, no Project State shall amend or waive any provision thereof if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.
2. Throughout the duration of the Project, the Project States shall conform with the requirements of the eligibility criteria for Project States set forth in the PIP and, without limitation to the generality of the foregoing, shall sustain and implement the necessary measures required in accordance with such eligibility criteria in a manner satisfactory to the Borrower and the Association.
3. In respect of their respective Part of the Project, each Project State shall:
 - (a) recommend to a national screening committee established by the Borrower for such purpose institutions that meet the eligibility criteria set forth in the PIP;
 - (b) enter into an MOU with each institution selected for Project implementation and shall ensure that the Project institution carry out the Project in accordance with the obligations under the MOU and the PIP; and
 - (c) ensure that Project Institutions implement the agreed institutional reforms under the Project in accordance with the provisions of the PIP.



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4. (a) Each Project State shall, at all times, have in place a fully operational SPFU with qualified staff in adequate numbers and sufficient resources to oversee Project implementation in the Project State; and (b) the Project States shall ensure, through timely and adequate review and supervision, that the SPFU effectively and efficiently performs its assigned functions in a satisfactory manner to implement the Project.

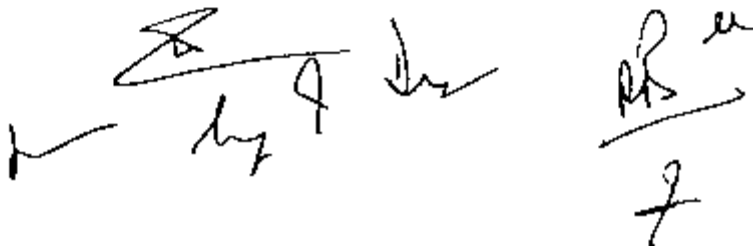
5. Each Project State shall promptly inform the Borrower and the Association of activities being carried out under the Project.

6. Each Project State shall semi-annually by no later than April 30 and October 31 in each year commission an independent audit on the performance in Institutional Development Subproject implementation, implementation of reforms, quality of education, training and services, and administrative and managerial efficiency of each of its Project Institutions in accordance with the PIP and promptly release the results together with a copy of the audit to each institution and the NPIU.

7. Each Project State shall, together with the Borrower, through BTE, and the Association, undertake semi-annual reviews on the basis of performance indicators agreed with the Association.

8. The Project States shall ensure implementation of the Tribal Development Plan by each of their respective Project Institutions to ensure that those identified in the Tribal Development Plan benefit from Project activities.

9. The Project States shall:

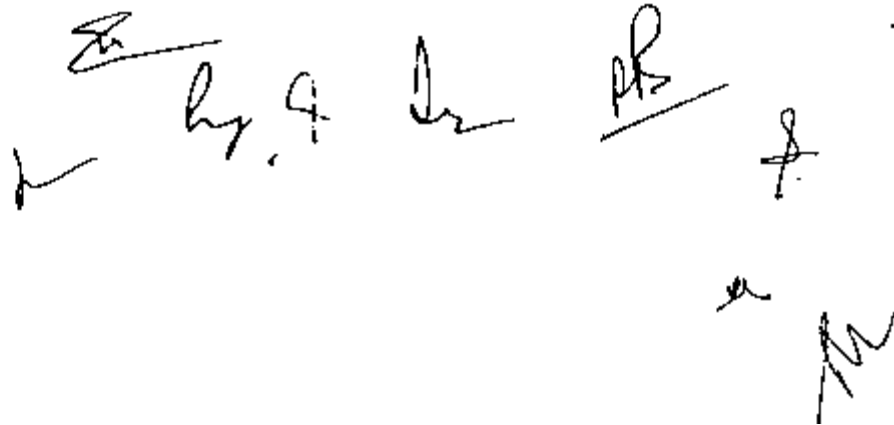


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(a) maintain policies and procedures adequate to enable them to monitor and evaluate on an ongoing basis, in accordance with performance indicators agreed with the Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about September 30, 2005, 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 with the Association and the Borrower, by October 31, 2005, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required 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 Borrower and the Association's views on the matter.



Handwritten signatures and initials, including "E", "by G", "J", "AS", "S", and "M".