

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4211-IN

Development Credit Agreement

(Karnataka Panchayats Strengthening Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 24, 2006

CREDIT NUMBER 4211-IN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 24, 2006, between INDIA, acting by its President (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement (the Project), has requested the Association to assist in the financing of the Project;

(B) the Project will be carried out by the State of Karnataka (Karnataka) with the Borrower's assistance and, as part of such assistance, the Borrower will make the proceeds of the credit provided for in Article II of this Agreement (the Credit) available to Karnataka, as set forth in this Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Association and Karnataka;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association (the General Conditions), dated January 1, 1985 (as amended through May 1, 2004), with the modifications set forth below, constitute an integral part of this Agreement:

a) Section 5.08 of the General Conditions is amended to read as follows:

“Section 5.08. *Treatment of Taxes*

Except as otherwise provided in the Development Credit Agreement, the proceeds of the Credit may be withdrawn to pay for taxes levied by, or in the territory of, the Borrower on the goods or services to be financed under the Credit, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Association's policy of requiring economy and efficiency in the use of the proceeds of its credits. To that end, if the Association shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Credit is excessive or otherwise unreasonable, the Association may, by notice to the

Borrower, adjust the percentage for withdrawal set forth or referred to in respect of such item in the Development Credit Agreement as required to be consistent with such policy of the Association.”

(b) Section 6.03 (c) of the General Conditions is amended by replacing the words “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Block Grants" means grants made under the Project by Karnataka to Eligible GPs (as hereinafter defined) for the carrying out of Sub-projects (as hereinafter defined) in amounts developed by the DAC (as hereinafter defined) on the basis of guidelines acceptable to the Association;

(b) “DAC” means Decentralization Analysis Cell;

(c) “Decentralization Program Operational Manual” means Karnataka’s decentralization program manual providing operating policies and procedures pursuant to which Karnataka shall carry out the Project;

(d) “DF” means Karnataka’s Department of Finance;

(e) “Eligible Categories” means Categories (1) and (2) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(f) “Eligible GPs” consist of those Gram Panchayats (as hereinafter defined) in the poorest 39 Taluks (as identified by the Nanjundapa Committee Report) that, in a manner satisfactory to the Association, have: (i) implemented Karnataka’s new Financial Management and Accounting System (as hereinafter defined), (ii) implemented Karnataka’s new Planning Guidelines (as hereinafter defined), (iii) held regular Gram Sabha (a body consisting of persons registered in the electoral roles within the area of the Gram Panchayats) meetings with open participation, and (iv) publicly display Financial Management and Procurement information;

(g) “EMP” means Karnataka’s Panchayat Environment Management Plan which, inter-alia, identifies the main environmental and public health impacts of the Project and actions to be taken, including good practice management and mitigation measures, to reduce environmental risks and impacts;

(h) “FC” means the Facilitation Cell within the Department of Rural Development and Panchayat Raj (RDPR) which will oversee the day to day project management and overall implementation;

(i) “Financial Management Accounting System” or “FMAS” means the Karnataka Panchayat Raj (Gram Panchayats Accounts and Budget) Rules which is the Project’s Financial Management and Accounting System to be furnished to the Association on September 1, 2006 and detailing the accounting policies and arrangements for the GPs (as hereinafter defined) that shall receive Block Grants under the Project;

(j) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 3.02 (a) of the Project Agreement;

(k) “Fiscal Year” means the Fiscal Year of the Borrower and Karnataka beginning on April 1 of a calendar year and ending on March 31 of the following calendar year;

(l) “Gram Panchayats” or “GPs” means local self government bodies established under the Karnataka Panchayat Raj Act of 1993 (as amended);

(m) “KPSP” means the Karnataka Panchayats Strengthening Project (also known as Gram Swaraj);

(n) “Mid-term Review” means the review referred to in paragraph 12 (c) of Schedule 2 to the Project Agreement;

(o) “Planning Guidelines” means those planning parameters issued by Karnataka for its GPs to prepare development plans at the village level;

(p) “PRIs” means Panchayat Raj Institutions including Gram Panchayats, Taluk Panchayats and Zilla Panchayats established under the Karnataka Panchayat Raj Act of 1993 (as amended);

(q) “Procurement Plan” means Karnataka’s procurement plan, dated May 2006 covering the initial 18 month period (or longer) of Project implementation, as shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement;

(r) “Procurement Manual” means Karnataka’s procurement manual, to be completed by August 15, 2006 and to be included in the Project’s Decentralization Program Operational Manual, covering the procurement arrangements and procedures agreed for the Project implementation, as shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement;

(s) “Project Agreement” means the agreement between the Association and Karnataka of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(t) “Report-based Disbursements” means the Borrower’s option for withdrawal of funds from the Credit Account referred to in Part B.2 of Schedule 1 to this Agreement;

(u) “RDPR” means Karnataka’s Department of Rural Development and Panchayat Raj;

(v) “Special Account” means the account referred to in Part B of Schedule 1 to this Agreement; and

(w) “Sub-project” means a project or activity, the carrying out of which falls within the competence of a GP under Karnataka’s Panchayat Raj Act of 1993 (as amended) and associated orders and mapping activities (dated August 12, 2003 and October 16, 2004, respectively) as the same may be amended from time to time.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to eighty two million two hundred thousand Special Drawing Rights (SDR 82,200,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Credit.

Section 2.03. The Closing Date shall be March 31, 2012, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty (60) days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on June 15 and December 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 15 and December 15 commencing December 15, 2016 and ending June 15, 2041. Each installment to and including the installment payable on June 15, 2026 shall be one and one-fourth percent ($1\frac{1}{4}\%$) of such principal amount, and each installment thereafter shall be two and one half percent ($2\frac{1}{2}\%$) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six (6) months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five (5) years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under this Agreement, shall cause Karnataka to perform in accordance with the provisions of the Project Agreement all the obligations of Karnataka therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable Karnataka to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make the proceeds of the Credit available to Karnataka in accordance with the Borrower's standard arrangements for developmental assistance to the States in India.

Section 3.02. 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 the Project Agreement, as said provisions may be further elaborated in the Procurement Manual and Procurement Plan.

Section 3.03. The Borrower shall (i) participate in the exchange of views with the Association and Karnataka on the plan for the future operation of the Project to be provided by Karnataka pursuant to Section 2.03 (b) of the Project Agreement; and (ii) participate with the Association and Karnataka in the Mid-term Review.

Section 3.04. The Borrower and the Association hereby agree that 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 shall be carried out by Karnataka, its Districts and its PRIs pursuant to Section 2.03 of the Project Agreement.

Section 3.05. (a) The Borrower shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project and the Program, the performance of obligations under this Agreement, and other matters relating to the purposes of the Credit.

(b) The Borrower shall promptly inform the Association, of any condition which interferes or threatens to interfere with the progress of the Project and the Program, the accomplishment of the purposes of the Credit, or the performance by the Borrower of its obligations under this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of Financial Management Reports, the Borrower shall or shall cause Karnataka to:

- (i) maintain or cause to be maintained in accordance with sound accounting practices, records and separate accounts reflecting such expenditures;
- (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made; and
- (iii) enable the Association's representatives to examine such records.

(b) The Borrower shall or shall cause Karnataka to:

- (i) have the records and accounts referred to in paragraph (a)(i) of this Section and those for the Special Account 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 six (6) 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, including a separate opinion by said auditors as to whether the Project Management Reports or statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and
- (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

- (a) a situation shall have arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out;
- (b) Karnataka shall have failed to perform any of its obligations under the Project Agreement;
- (c) Karnataka shall have taken any action so as to adversely affect the implementation of the Project or the achievement of the objectives of the Project; and
- (d) as a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that Karnataka will be able to perform its obligations under the Project Agreement.

Section 5.02. Pursuant to Section 7.01(h) of the General Conditions, the following additional events are specified:

- (a) the events specified in paragraphs (b) and (c) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower and Karnataka; and

(b) the event specified in paragraph (d) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. This following event is specified as an additional matter, within the meaning of Section 12.02(b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the Project Agreement has been duly authorized or ratified by Karnataka, and is legally binding upon Karnataka in accordance with its terms.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance or successor thereto of the Borrower are each designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
New Delhi 110 001
India

Cable address:	Telex:	Facsimile:
ECOFAIRS New Delhi	953-31-66175 FINE IN	91-11-23092477

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in New Delhi, India, as of the day and year first above written.

INDIA

By

/s/ Madhusudan Prasad
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Michael F. Carter
Country Director, India

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Block Grants under Part A of the Project.	77,530,000	100 % of amounts disbursed by Karnataka to Eligible GPs.
(2) Goods, works, services and incremental operating costs under Parts B, C & D of the Project.	<u>4,670,000</u>	33.3% in each Fiscal Year or any other percentage that the Association may establish from time to time.
TOTAL	82,200,000	

2. Notwithstanding the provisions of the foregoing paragraphs above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement except that withdrawals under Category (2) set out in the table in paragraph A.1 above, in an amount not exceeding the equivalent of SDR 1,720,000 may be made on account of payments made for expenditures before that date and incurred after January 1, 2006.

3. The Borrower may request withdrawals from the Credit Account to be made on the basis of reports to be submitted to the Association in form and substance satisfactory to the Association, such reports to include the Financial Monitoring Report and any other information as the Association shall specify by notice to the Borrower (Report-based Disbursements). In the case of the first such request submitted to the Association before any withdrawal has been made from the Credit Account, the Borrower shall submit to the Association only a statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

4. Any amount disbursed by the Association to the Borrower in accordance with the above provisions shall be adjusted for actual levels of expenditures confirmed by audit

reports, other reports and information, as required to be furnished by Karnataka in accordance with the provisions of Section 3.01(b)(ii) and (iii) of the Project Agreement, such adjustment to be made from the next disbursement, provided, however, that the Association may at any time request refunds of amounts not confirmed by such audit reports, other reports and information, and the Consolidated Report on Audits, and upon such request, the Borrower shall immediately refund such amount. Any such refunds made to the Association shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of this Agreement.

5. The Borrower undertakes that the proceeds of the Credit shall not be used to finance expenditures for goods, works or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association shall have financed or agreed to finance, or which the Association or the Bank shall have financed or agreed to finance under another credit or loan. If the Association determines at any time that an amount of the Credit was used to make a payment for an expenditure so excluded, the Borrower shall, promptly upon notice from the Association, refund an amount equal to the amount of said payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

B. Special Account

1. The Borrower shall open and maintain in Dollars a special deposit account in the Reserve Bank of India, on terms and conditions satisfactory to the Association.

2. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into the Special Account shall be made in accordance with the provisions of Annex A to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if the Association, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Association determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Borrower directly from the Credit Account; or

(c) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01(b)(ii) of the Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of: (i) the records and accounts for the Special Account; or (ii) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements.

5. The Association shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Association determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

**Annex A
to
SCHEDULE 1**

**Operation of Special Account
When Withdrawals Are
Report-based Disbursements**

1. Withdrawals from the Credit Account shall be deposited by the Association into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.

2. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist Karnataka in improving the effectiveness of service delivery by Karnataka's Gram Panchayats particularly with respect to the management of public resources and the delivery of relevant services that rural people prioritize.

The Project consists of the following Parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Block Grants to Gram Panchayats

Provision of Block Grants to Gram Panchayats to finance the carrying out of Sub-projects.

Part B: Information Systems for Gram Panchayat Constituents

Improving the capacity of rural people, particularly the poor, to prevail upon local bodies to perform through, *inter alia*:

1. Carrying out information, education and communication campaigns at the village level on the responsibilities of Gram Panchayats and resources at their disposal using Gram or Ward Sabha meetings to disseminate information.
2. Provision of information on service delivery regularly available at the village level using different means of communication and information at Gram or Ward Sabha meetings.
3. Provision of technical assistance to groups of poor people, such as self help groups, watershed associations, to enable them to access, and make use of, available government services and programs.

Part C: Capacity Building of PRIs

Creating institutional capacity at the local government level to enable them to carry out developmental projects through, *inter alia*, the establishment of resource cells, and the provision of training computerized financial management systems, environmental frameworks and satellite communications centers.

Part D: Project Management and Coordination

Provision of technical assistance and material support to strengthen the capacity of Karnataka to implement and monitor the Project, including implementation of

organizational change management initiatives, staffing and development of linkages between management information systems, and the establishment of an effective and coordinated management, and monitoring and evaluation system.

* * *

The Project is expected to be completed by September 30, 2011.