



CREDIT NUMBER 5578-IN

Implementing Entity Agreement

(Enhancing Teacher Effectiveness in Bihar Operation)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF BIHAR

Dated *August 7*, 2015

IMPLEMENTING ENTITY AGREEMENT

Agreement dated August 7, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the STATE OF BIHAR ("Implementing Entity") ("Implementing Entity Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between INDIA ("Recipient") and the Association. The Association and the 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 Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II — OPERATION

- 2.01. The Implementing Entity declares its commitment to the objectives of the Operation. To this end, the Implementing Entity shall carry out the Operation 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 Operation.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Implementing Entity shall otherwise agree, the Implementing Entity shall carry out the Operation in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Implementing Entity's Representative is its Principal Secretary, DoE.

4.02. The Association's Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

| | | |
|-----------------------------|-------------|----------------|
| Cable: | Telex: | Facsimile: |
| INDEVAS Washington, D.C. | 248423(MCI) | 1-202-477-6391 |

4.03. The Implementing Entity's Address is:

Principal Secretary
Department of Education
Government of Bihar
New Secretariat Vikas Bhawan, Patna 800 015

Facsimile:
+91 (612) 2235108

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

INTERNATIONAL DEVELOPMENT
ASSOCIATION

By

Rajni Khanna

Authorized Representative

Name: RAJNI KHANNA

Title: ACTING COUNTRY DIRECTOR

STATE OF BIHAR

By

R. K. Mahajan

Authorized Representative

Name: R. K. MAHAJAN

Title: PRINCIPAL SECRETARY
DEPT. OF EDUCATION

SCHEDULE

Execution of the Operation

Section I. Implementation Arrangements

A. Institutional Arrangements for the Operation

The Implementing Entity shall vest the overall responsibility for the implementation of the Operation's activities in the DoE acting through BSEIDC. To this end, the Implementing Entity shall:

- (a) maintain, throughout the period of implementation of the Operation, a Management Unit within the DR&T, which unit shall be provided with competent, experienced and qualified staff, in sufficient numbers and under terms of reference acceptable to the Association, and vested with powers, financial resources, functions and competences, acceptable to the Association, to serve as the focal unit in the carrying out of the day-to-day implementation of the Operation, including implementing the Program Action Plan and providing guidance, technical support to the various executing agencies (i.e. SCERT, BSEIDC, DIETs, CTEs, BRCs and PTECs), insuring interagency coordination, monitoring the Operation's results, and preparing the Operation's performance and financial implementation reports; and
- (b) maintain, throughout the period of implementation of the Operation, the institutional framework ("BSEIDC's Legal Framework"), human and financial resources, powers and functions of the Bihar State Education Infrastructure Development Corporation, in a manner and substance satisfactory to the Association, in order to serve as special purpose vehicle for DoE's implementation of the Operation, including assisting the DR&T with the carrying out of procurement and financial management activities, the implementation of/compliance with the Program Action Plan, the verification of the Operation, and the preparation of the Operation's performance and financial reports.

B. Program Action Plan

- (a) The Implementing Entity shall:
 - (i) implement the Program Action Plan agreed with the Association, in a manner and substance satisfactory to the Association; and
 - (ii) refrain from amending, revising, waiving, voiding, suspending or abrogating, any provision of the Program Action Plan, whether in whole or in part, without the prior written concurrence of the Association.

- (b) In the event of any inconsistency between the provision of the Program Action Plan and those of this Agreement and/or the Financing Agreement, the provision of the latter agreement shall govern.

C. Fiduciary, Environmental and Social Systems for the Program

Without limitation on the provisions of Article IV of the General Conditions, the Implementing Entity shall carry out the Program in accordance with financial management, procurement and environmental and social management systems acceptable to the Association, including those set out in the ESSA, and the Program Action Plan ("Program Fiduciary, Environmental and Social Systems"), which are designed to ensure that:

- (a) the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
- (b) the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

D. Safeguard Requirements under the Project

1.
 - (a) The Implementing Entity shall carry out the Project in accordance with the TDF; and shall refrain from taking any action which would prevent or interfere with the implementation of any of the TDF, including any amendment, suspension, waiver, and/or avoidance of any provision of the TDF, whether in whole or in part, without the prior written concurrence of the Association; and
 - (b) In the event of any conflict between the provisions of any of the TDF, on the one hand, and the provisions of this Agreement and/or the Financing Agreement, on the other hand, the provisions of this Agreement and/or the Financing Agreement shall prevail.
2. Prior to hiring/engaging any consultants' services under the Project for the provision of technical assistance, as needed for the Program, related to the strengthening of physical infrastructure of SCERT, DIETs, PTECs, CTEs, and BRCs, including the provision of renewable energy technologies, the Implementing Entity shall ensure that the respective terms of reference for any such consultants' services be submitted to the Association for its review and no-objection. To this end such terms of reference shall incorporate the applicable international performance, technical, environmental and social standards set forth in the Association's Safeguards Policies then in force that might be relevant to the advice conveyed through such technical assistance.

E. Anti-Corruption for the Program

1. The Implementing Entity shall carry out the Program in accordance with the provisions of the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012.
2. Notwithstanding the generality of paragraph 1 above, the Association's right to investigate allegations regarding the Program's activities and expenditures, and the related access to needed persons, information, and documents will be observed in accordance with the protocol dated July 30, 2008 between the Recipient and the Association and certain "mutatis mutandis" adjustments, inter alia, outlined below.
 - (a) The term "Bank" shall be substituted by the term "Association";
 - (b) In paragraph 3, the term "Joint Secretary (Procurement), Ministry of Health and Family Welfare", shall be substituted by representative designated by the Recipient;
 - (c) Where applicable, the term "projects" shall be substituted by the term "Program";
 - (d) Where applicable "Financing Agreements" shall be substituted with the expression "Financing Agreement and Implementing Entity Agreement";
 - (e) In paragraph 2, the following sentence is added at the paragraph's end: "At the Association's request, the Recipient shall take all necessary measures to cause the Implementing Entity to provide the Association with access to the Program's underlying audit reports, books, and records as well as relevant persons connected with the Program."; and
 - (f) In paragraph 3, the expression "central sector projects" shall be substituted by the term "Program".

F. Anti-Corruption for the Project

The Implementing Entity shall carry out the Project in accordance with the provisions of the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.

Section II. Excluded Activities under the Program

The Implementing Entity shall ensure that the Program excludes any activities which:

- (a) in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- (b) involve the procurement of: (1) works, estimated to cost fifty million United States Dollars (US\$ 50,000,000) equivalent or more per contract; (2) goods, estimated to cost thirty million United States Dollars (US\$ 30,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost twenty million United States Dollars (US\$ 20,000,000) equivalent or more per contract; or (4) consultants' services, estimated to cost fifteen million United States Dollars (US\$ 15,000,000) equivalent or more per contract.

Section III. Operation Monitoring, Reporting and Evaluation; Audits

A. Progress Reports for the Operation

1. The Implementing Entity shall monitor and evaluate the progress of the Operation and prepare Progress Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Without limiting Section 4.08 of the General Conditions the Progress Reports shall cover the progress achieved by the Implementing Entity in the implementation of the Operation's activities, including the achievement of development results and the compliance with/fulfillment of the Program Action Plan. Each such Progress Report shall cover the period of one calendar semester, and shall be furnished to the Recipient and the Association not later forty-five (45) days after the end of the period covered by such report.
2. Notwithstanding the provision of paragraph 1 above, the Implementing Entity shall:
 - (a) prepare, by no later than March 31, 2018, and furnish to the Recipient and the Association, a mid-term review report, in a manner and substance satisfactory to the Association, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (1) above on the progress achieved in the carrying out of the Operation and the Program Action Plan during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Operation and the Program Action Plan, and the achievement of the objectives of the Operation, during the period following such date; and
 - (b) review with the Association, by April 15, 2018, or such later date as the Association shall request, the mid-term review report referred in sub-paragraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Operation and the achievement of the objectives thereof, based

on the conclusions and recommendations of the said report and the Association's views on the matter.

3. The Implementing Entity shall: (a) prepare the Operation execution/completion report referred to in Section 4.08 (c) of the General Conditions; and (b) furnish it to the Recipient and the Association not later than six (6) months after the Closing Date.

B. Financial Management and Audits for the Operation

1. The Implementing Entity shall maintain a financial management system and prepare financial statements ("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 Implementing Entity, including the operations, resources and expenditures related to the Operation.
2. Without limitation on the generality of Section 4.09 of the General Conditions, the Implementing Entity shall have the respective Financial Statements for the Project and the Program (including BSEIDC's financial statements) audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Program's and Project's Financial Statements shall cover the period of one fiscal year of the Implementing Entity, commencing with the fiscal year in which the first withdrawal was made under the Program and/or the Project, respectively. The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.

C. Verification Protocols for the Program

The Implementing Entity shall:

- (a) undertake a verification process to certify the fulfillment of the Disbursement Linked Results set out in Schedule 3 to the Financing Agreement in accordance with the terms of reference agreed with the Association. To this end the Implementing Entity shall ensure that the terms of reference of any consultants to be hired by the Implementing Entity for purposes of carrying out a third party verification, audit, validation or analysis required under the agreed verification protocol, shall have received the no-objection of the Association irrespective of the source of funding of such contract; and
- (b) furnish to the Association the corresponding verification report, in form and substance agreed with the Association.

D. Interim Financial Reports for the Project

Without limitation on the provision of Section III.A of this Schedule, the Implementing Entity shall prepare and furnish to the Association, by not later than forty five (45) days

after the end of each calendar quarter, interim financial reports for the Project covering the Eligible Expenditures incurred during the quarter and/or providing a forecast thereof for the two (2) subsequent quarters, all in form and substance satisfactory to the Association.

Section IV. Procurement under the Project

All consultants' services required for the Project and to be financed out of the proceeds of the Financing (i.e. under Category (2) of the Table in Section V.A.2 of Schedule 2 to the Financing Agreement) shall be procured in accordance with the provisions of Section IV of Schedule 2 to the Financing Agreement.