Implementing Entity Agreement

(Odisha Higher Education Program for Excellence and Equity)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

STATE OF ODISHA

Dated November 7, 2017
PROGRAM AGREEMENT

Agreement dated November 7, 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and STATE OF ODISHA ("Implementing Entity") ("Implementing Entity Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between INDIA ("Borrower") and the Bank. The Bank and the Program 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 this Agreement have the meanings ascribed to them in the Loan 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 V 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 Bank 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 — REPRESENTATIVE; ADDRESSES

3.01. The Implementing Entity's Representative is the Chief Secretary of the Government of Odisha.

3.02. The Bank's Address is:

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

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
3.03. The Implementing Entity’s Address is:

Higher Education Department  
Government of Odisha  
Bhubaneswar 751001  
Facsimile:  
+91-6742394275

AGREED at NEW DELHI , India, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By  
Authorized Representative

Name: NISHAM A. ABOO KAHIN  
Title: ACTING COUNTRY DIRECTOR

STATE OF ODISHA

By  
Authorized Representative

Name: GUW SARMA  
Title: ADDITIONAL CHIEF SECRETARY
SCHEDULE

Execution of the Operation

Section 1.  Institutional Arrangements for the Operation

A.  Without limitation upon the provisions of Section 3.01 of the Loan Agreement, the Implementing Entity shall:

1.  Maintain, throughout the period of implementation of the Operation, a PMU within the HED, staffed with professionals with qualifications satisfactory to the Bank covering the areas of monitoring and evaluation, faculty development, management information system, environmental management, procurement, and financial management, and which PMU shall have functions and responsibilities acceptable to the Bank, including, *inter alia*: (i) providing administrative and financial oversight for the Program; (ii) coordinating between the HED and institutions; (iii) monitoring the implementation of IDGs; (iv) supporting the HED in the introduction and institutionalization of systemic reforms to improve management and governance of the higher education sector; (v) coordinating the various capacity building activities under the Project; (vi) ensuring the complementarity and non-duplication of the Program activities with other government programs; (vii) tracking the results of the Operation; (viii) preparation of the PIM, the Operations Manual for IDG Grant for Colleges, and the Operations Manual for IDG Grant for Universities; and (ix) coordination and monitoring of actions/activities identified in the ESSA.

2.  Maintain, throughout the period of implementation of the Operation, a Steering Committee, with functions, composition and responsibilities acceptable to the Bank, including, *inter alia*: (i) approving the annual work plan and budget; (ii) endorsing higher education institutions selected for support under the Program; (iii) reviewing the progress in implementation of the Operation; and (iv) resolving bottlenecks in implementation of the Operation; all in accordance with the PIM; the Operations Manual for IDG Grant for Colleges; and/or the Operations Manual for IDG Grant for Universities, as appropriate.

B.  Program Action Plan

1.  The Implementing Entity shall:

   (a)  implement the Program Action Plan agreed with the Bank, in a manner and substance satisfactory to the Bank; and

   (b)  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 Bank.
2. In the event of any inconsistency between the provision of the Program Action Plan and those of this Agreement and/or the Loan 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 V 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 Bank, including those set out in the ESSA, the PIM, the Operations Manual for IDG Grant for Colleges, the Operations Manual for IDG Grant for Universities and the Program Action Plan ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

2. 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. Anti-Corruption for the Program

Without limitation upon the provisions of Part A of this Section, the Implementing Entity shall carry out the Program in accordance with the provisions of the Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing", dated February 1, 2012, and revised July 10, 2015.

E. Anti-Corruption for the Project

The Implementing Entity shall carry out the Program in accordance with the provisions of the Bank's "Guidelines on Preventing Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

F. Safeguards for the Project

The Borrower shall ensure or cause to be ensured, that any consultants' services including studies to be supported under the Project, are carried out under terms of reference satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Bank's Safeguards Policies and be disclosed and consulted upon in accordance with the Bank's Safeguard Policies.
G. PIM

1. The Implementing Entity shall, by no later than forty-five (45) days after the Effectiveness Date:

(a) prepare, approve and adopt a PIM in a manner and substance satisfactory to the Bank, and thereafter carry out the Operation in accordance with the provisions of the PIM; and

(b) refrain, from materially and/or substantially amending, revising, waiving, voiding, suspending or abrogating, any provision of the PIM, whether in whole or in part, without the prior written concurrence of the Bank.

2. In the event of any inconsistency between the provisions of the PIM and those of this Agreement and/or the Loan Agreement, the latter shall govern.

H. Operations Manual for IDG Grant for Colleges

1. The Implementing Entity shall, by no later than forty-five (45) days after the Effectiveness Date:

(a) prepare, approve and adopt an Operations Manual for IDG Grant for Colleges in a manner and substance satisfactory to the Bank, and thereafter implement the IDG Grant for Colleges in accordance with the provisions of such Manual; and

(b) refrain, from materially and/or substantially amending, revising, waiving, voiding, suspending or abrogating, any provision of the Operations Manual for IDG Grant for Colleges, whether in whole or in part, without the prior written concurrence of the Bank.

2. In the event of any inconsistency between the provisions of the Operations Manual for IDG Grant for Colleges and those of this Agreement and/or the Loan Agreement, the latter shall govern.

I. Operations Manual for IDG Grant for Universities

1. The Implementing Entity shall, by no later than forty-five (45) days after the Effectiveness Date:

(a) prepare, approve and adopt an Operations Manual for IDG Grant for Universities in a manner and substance satisfactory to the Bank, and thereafter implement the IDG Grant for Universities in accordance with the provisions of such Manual; and

(b) refrain, from materially and/or substantially amending, revising, waiving, voiding, suspending or abrogating, any provision of the Operations Manual for IDG Grant for Universities, whether in whole or in part, without the prior written concurrence of the Bank.
2. In the event of any inconsistency between the provisions of the Operations Manual for IDG Grant for Universities and those of this Agreement and/or the Loan Agreement, the latter shall govern.

J. IDG Grant for Colleges

1. The Implementing Entity shall:

(a) invite colleges to prepare and submit Institutional Development Plans ("IDPs") for financing through the IDG Grant for Colleges in accordance with the procedures and requirements set forth in the Operations Manual for IDG Grant for Colleges; and

(b) screen, and/or caused to be screened, IDP proposals pursuant to subparagraph (a) above in accordance with the protocols and eligibility criteria set forth in the Operations Manual for IDG Grant for Colleges.

2. Upon the screening and selection of the IDG Colleges, the Implementing Entity and the respective IDG College shall enter into an agreement (the "IDG College Grant Agreement") for the provision of the IDG Grant for Colleges, which agreement shall provide, inter-alia, that:

(a) the IDG College shall commit to the objective of the Program, and undertake to conduct its operations and affairs in accordance with sound technical, financial, procurement, managerial, social and environmental and labor standards, consistent with the minimum requirements set forth in the Operation Manual for IDG Grant for Colleges, and the ESSA, in a manner acceptable to the Bank;

(b) the amount under the IDG Grant for Colleges shall: (i) be used to exclusively finance the eligible expenditures set forth in the Operations Manual for IDG Grant for Colleges (with the exclusions set forth in Section II of this Schedule); (ii) be disbursed upon the IDG College’s achievement of specific actions, and (iii) have a closing date (end of disbursement period) not to exceed the date set forth in Section V.D.2 of Schedule 2 to the Loan Agreement;

(c) the activities under the IDG Grant for Colleges shall be implemented in compliance with the Bank’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing” dated February 1, 2012 and revised July 10, 2015;

(d) each IDG College shall, as applicable: (i) establish and/or maintain policies and procedures that would allow the Implementing Entity, the Borrower, and/or the Bank to carry out supervision and monitor the implementation of the activities; (ii) prepare and furnish to the Implementing Entity, the Borrower, and/or the Bank, all such
information that the implementing Entity, the Borrower, and/or the Bank shall reasonably request in relation to the IDG Grant for Colleges; and
(iii) accept random and/or unannounced physical or documentary inspections by the Implementing Entity, the Borrower, and/or the Bank for the monitoring of, and in relation to, the carrying out of the activities financed under the IDG Grant for Colleges;

each IDG College shall, as applicable: (i) carry out procurement activities and maintain records and accounts adequate to reflect, in accordance with sound procurement and accounting practices set forth in the Operations Manual for IDG Grant for Colleges, the operations, resources and expenditures incurred in the implementation of the activities under its IDP; and (ii) have such records and accounts audited in accordance with appropriate auditing principles consistently applied by an independent auditor;

the Implementing Entity shall have the right to suspend or terminate the right of an IDG College to withdraw and use the proceeds of the IDG Grant for Colleges:

(i) upon any failure of the IDG College to perform its obligations under the IDG College Grant Agreement; or

(ii) upon the Bank declaring the IDG College ineligible under the Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing" dated February 1, 2012 and revised July 10, 2015; and

each IDG College acknowledges and consents to the Implementing Entity's right of restitution of any amounts disbursed under the IDG Grant for Colleges with respect to which fraud and corruption has occurred, or with which an ineligible expenditure has been paid.

K. IDG Grant for Universities

1. The Implementing Entity shall:

(a) invite universities to prepare and submit Institutional Development Plans ("IDPs") for financing through the IDG Grant for Universities in accordance with the procedures and requirements set forth in the Operations Manual for IDG Grant for Universities; and

(b) screen, and/or cause to be screened, IDP proposals pursuant to subparagraph (a) above in accordance with the protocols and eligibility criteria set forth in the Operations Manual for IDG Grant for Universities.
2. Upon the screening and selection of the IDG Universities, the Implementing Entity and the respective IDG University shall enter into an agreement (the "IDG University Grant Agreement") for the provision of the IDG Grant for Universities. Which agreement shall provide, inter alia, that:

(a) the IDG University shall commit to the objective of the Program; and undertake to conduct its operations and affairs in accordance with sound technical, financial, procurement, managerial, social and environmental and labor standards, consistent with the minimum requirements set forth in the Operation Manual for IDG Grant for Universities, and the ESSA, in a manner acceptable to the Bank;

(b) the amount under the IDG Grant for Universities shall: (i) be used to exclusively finance the eligible expenditures set forth in the Operations Manual for IDG Grant for Universities (with the exclusions set forth in Section II of this Schedule); (ii) be disbursed upon the IDG University's achievement of specific actions; and (iii) have a closing date (end of disbursement period) not to exceed the date set forth in Section V.D.2 of Schedule 2 to the Loan Agreement;

(c) the activities under the IDG Grant for Universities shall be implemented in compliance with the Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing" dated February 1, 2012 and revised July 10, 2015:

(d) each IDG University shall, as applicable: (i) establish and/or maintain policies and procedures that would allow the Implementing Entity, the Borrower, and/or the Bank to carry out supervision and monitor the implementation of the activities; (ii) prepare and furnish to the Implementing Entity, the Borrower, and/or the Bank, all such information that the Implementing Entity, the Borrower and/or the Bank shall reasonably request in relation to the IDG Grant for Universities; and (iii) accept random and/or unannounced physical or documentary inspections by the Implementing Entity, the Borrower, and/or the Bank for the monitoring of, and in relation to, the carrying out of the activities financed under the IDG Grant for Universities;

(e) each IDG University shall, as applicable: (i) carry out procurement activities and maintain records and accounts adequate to reflect, in accordance with sound procurement and accounting practices set forth in the Operations Manual for IDG Grant for Universities, the operations, resources and expenditures incurred in the implementation of the activities under its IDP; and (ii) have such records and accounts audited in accordance with appropriate auditing principles consistently applied by an independent auditor;
(f) the Implementing Entity shall have the right to suspend or terminate the right of an IDG University to withdraw and use the proceeds of the IDG Grant for Universities:

(i) upon any failure of the IDG University to perform its obligations under the IDG University Grant Agreement; or

(ii) upon the Bank declaring the IDG University ineligible under the Bank’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing” dated February 1, 2012 and revised July 10, 2015; and

(g) each IDG University acknowledges and consents to the Implementing Entity’s right of restitution of any amounts disbursed under the IDG Grant for Universities with respect to which fraud and corruption has occurred, or with which an ineligible expenditure has been paid.

Section II. Excluded Activities under the Operation

The Borrower shall ensure that the Program excludes any activities which:

(a) in the opinion of the Bank, 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 (USD 50,000,000) equivalent or more per contract; (2) goods, estimated to cost thirty million United States Dollars (USD 30,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost twenty million United States Dollars (USD 20,000,000) equivalent or more per contract; or (4) consultants’ services, estimated to cost fifteen million United States Dollars (USD 15,000,000) equivalent or more per contract.

The Borrower shall ensure that the Project excludes any activities which:

(c) involve land acquisition and/or involuntary resettlement (as defined in the Bank’s Operational Policy 4.12).

Section III. Operation Monitoring, Reporting and Evaluation; Audits

A. Progress Reports for the Operation

The Implementing Entity shall monitor and evaluate the progress of the Operation and prepare Program Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank, which 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 Progress Report shall
cover the period of one calendar semester and shall be furnished to the Borrower not later than one month after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Progress Report.

B. **Financial Management and Audits for the Operation**

1. Without limitation on the generality of Section I.C of this Schedule and Section 5.09 of the General Conditions, the Implementing Entity shall maintain a financial management system and prepare financial statements ("Financial Statements") in accordance with consistency applied accounting standards acceptable to the Bank, 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 I.C of this Schedule and Section 5.09 of the General Conditions, the Implementing Entity shall have the respective Financial Statements for the Program audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Unless otherwise agreed by the Bank, each audit of the Financial Statements shall cover the period of one fiscal year of the Implementing Entity. The audited Financial Statements for each such period shall be furnished to the Bank not later than twelve (12) months after the end of such period.

3. Without limitation on the generality of Section I.C of this Schedule and Section 5.09 of the General Conditions, the Implementing Entity shall have the respective Financial Statements for the Project audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Unless otherwise agreed by the Bank, each audit of the Financial Statements shall cover the period of one fiscal year of the Implementing Entity. The audited Financial Statements for each such period shall be furnished to the Bank not later than nine (9) months after the end of such period.

C. **Verification Protocols for the Program**

The Implementing Entity shall:

(a) not later than one (1) month after the Effectiveness Date of this Agreement, appoint an independent verification agent ("IVA") under terms of reference satisfactory to the Bank, to carry out the verification of compliance of DLRs and DLIs under Category (1) as set forth in the table under Section V.A.2. of Schedule 2 to the Loan Agreement;

(b) carry out throughout the implementation of the Program a verification process guided by a Verification Protocol agreed with the Bank, through the IVA hired pursuant to paragraph (a) above, to ascertain whether the DLRs/DLIs have been achieved for the period(s) under review; and

(c) furnish to the Bank corresponding verification reports, in form and substance acceptable to the Bank, prior to submission of any withdrawal application under Category (1) of the Table in Section V.A.2 of the Schedule 2 to the Loan Agreement.
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 Bank, not later than forty-five (45) days after the end of each fiscal year, interim unaudited financial reports ("IUFRs") for the Project covering the Eligible Expenditures incurred during the fiscal year, all in form and substance satisfactory to the Bank.

**Section IV. Procurement under the Project**

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section IV of Schedule 2 to the Loan Agreement.