Mr. Nilaya Mitash  
Joint Secretary  
Department of Economic Affairs  
Ministry of Finance  
Government of India  
New Delhi – 110 001  
India  

Dear Mr. Mitash:

Re: INDIA: Advance Agreement for Preparation of Proposed Citizen-Centric Service Delivery Reform in the Northeast Project  
Project Preparation Advance No. Q924-IN

In response to the request for financial assistance made on behalf of India ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed two million Dollars ($2,000,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to contribute to improving efficiency, accountability, and access for targeted services in underserved areas of the State of Assam ("Project"), for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the latest countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

Onno Ruhl
Country Director, India
South Asia Region

AGREED on behalf of:
INDIA

By
Authorized Representative
Name
Title
Date: 08/8/14

STATE OF ASSAM

By
Authorized Representative
Name
Title
Date: 24/9/14

Enclosures:
(1) “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010; and
(2) Disbursement Letter for the Advance of the same date as this Agreement, together with “World Bank Disbursement Guidelines for Projects”, dated May 1, 2006.
Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement. To this end the following terms shall have the following meaning:

(a) “Assam” and/or the “Implementing Entity” mean the Recipient’s State of Assam.

(b) “ICT” means information and communications technology;

(c) “RTPS framework” means the legal framework set forth in the Implementing Entity’s Assam Rights to Public Service Act, 2012.

Article II
Execution of the Activities

2.01. Description of the Activities. The Activities for which the Advance is provided consist of the following activities:

(a) Establishing a project steering committee and project management unit (PMU) for the implementation of the Project to be responsible for the planning and coordination of digitization of services, ICT infrastructure investment, citizen engagement to improve service delivery outcomes, strengthening front-line service delivery institutions, the compliance with fiduciary requirements, and the monitoring and evaluation of Activities.

(b) Providing project management support to the PMU as follows: (i) manage the design and implementation of the proposed Project; (ii) develop terms of reference associated with design and implementation of the Project; (iii) review and finalize the Implementing Entity’s detail project report (DPR), (iv) provide ongoing technical support associated with digitization of services, ICT infrastructure, citizen engagement, and front-line delivery institutions; (v) conduct trainings and workshops to support introduction of digitization and change management process.

(c) (i) Assessing and making recommendations to strengthen existing ICT infrastructure in Assam, (ii) assessing/survey areas within Assam with unique connectivity issues, and proposing approaches to improve connectivity and access to services, and (iii) assessing and making recommendations for an
approach to provide back-up connectivity in Assam, to ensure reliable operability of service delivery.

(d) Planning and implementing an information, education and communication campaign to increase citizen awareness of their rights and/or entitlements under the RTPS framework; including the use of multi-media and grassroots approaches, and which will leverage the successful “right to education” campaign experience.

(e) Designing and implementing social accountability initiatives/tools (i.e. scorecards, social audits, etc.) to foster local action planning in order to improve delivery of services comprised in the RTPS framework, particularly in targeted regions with access challenges.

(f) Carrying out an institutional capacity assessment of the implementing agencies of Assam.

2.02. Execution of the Activities Generally. The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall cause the Activities to be carried out by the Implementing Entity in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the “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.

2.03. Monitoring, Reporting and Evaluation of the Activities. The Recipient shall monitor and evaluate, and/or cause the Implementing Entity to monitor and evaluate, the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.04. Financial Management. (a) The Recipient shall ensure, and/or cause the Implementing Entity to ensure, that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure, and/or cause the Implementing Entity to ensure, that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than one (1) month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall cause the Implementing Entity to have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall cause the Implementing Entity to have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was
made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Implementing Entity's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than nine (9) months after the end of such period.

2.05. **Procurement**

(a) **General.** All goods non-consulting services and consultants' services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011, and as updated July 2014 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and as updated July 2014 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) The provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Activities in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional procedures agreed in the Procurement Plan.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods, and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.
(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of the Advance

3.01. Eligible Expenditures. (a) The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (i) Article III of the Standard Conditions; (ii) this Section; and (iii) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants' services and Incremental Operating Costs.</td>
<td>2,000,000</td>
<td>100</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,000,000</td>
<td></td>
</tr>
</tbody>
</table>

(b) For purpose of this Section 3.01 the term “Incremental Operating Costs” means the reasonable costs of incremental expenditures incurred by the Implementing Entity on account of implementation of Activities, which expenditures would not have been incurred absent the Activities, including, inter alia: office space rental and utilities, office maintenance and repair, office consumables, vehicles rental, operation and maintenance; communications, printing and/or publication expenses; staff per diems, field allowances; travel expenses; bank charges; and insurance premia; but excluding salaries and salary supplements of civil servants.
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the latest of the dates of countersignature of this Agreement by the Recipient and the Implementing Entity.

3.03. **Refinancing Date.** The Refinancing Date is July 1, 2015.

**Article IV**

**Terms of the Advance**

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

(i) if the amount of the Withdrawn Advance Balance does not exceed $50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and

(ii) if the amount of the Withdrawn Advance Balance exceeds $50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the “Aggregate Balance”) shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates (“Payment Dates”) which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date (“Notice Date”) of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date.
The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V
Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is any of the following officials, acting severally: the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs of the Recipient's Ministry of Finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
North Block
New Delhi 110 001, India

5.03 **Implementing Entity's Representative.** The Implementing Entity's Representative referred to in Section 9.02 of the Standard Conditions is the Principal Secretary to the Government of Assam.

5.04. **Implementing Entity's Address.** The Implementing Entity's Address referred to in Section 9.01 of the Standard Conditions is:

Principal Secretary
Personnel Department, Administrative Reforms & Training Department
Assam Secretariat
Dispur, Guwahati 781006
Assam, India

5.05. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:

1-202-477-6391