

ISLAMIC REPUBLIC OF PAKISTAN

**SINDH WATER SECTOR IMPROVEMENT
PROJECT PHASE - I**

CONTRACT AGREEMENT

BETWEEN

SINDH IRRIGATION AND DRAINAGE

AUTHORITY (SIDA)

AND

FARMERS ORGANIZATION

KARNA MINOR

TO UNDERTAKE

**REHABILITATION / IMPROVEMENT OF
KARNA MINOR
(FO'S CHANNELS)**

CONTRACT NO. WSIP/B2/NC/CBC-01

DECEMBER 2010

PROJECT IMPLEMENTATION CONSULTANTS

Mott Macdonald UK in association with MM Pakistan (Pvt) Ltd,


Mott MacDonal

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AND
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REHABILITATION / IMPROVEMENT OF KARNA MINOR

UNDER

WATER SECTOR IMPROVEMENT PROJECT (WSIP-I)

This Agreement made the 14 day of December 2010 between on the one hand, the Managing Director, Sindh Irrigation Drainage Authority (SIDA), Left Bank Barrage Colony, Hyderabad. (Hereinafter called "the First Party") which expression shall include its successors, legal representatives and permitted assigns and on the other hand, the Chairman Farmers' Organization, Karna Minor Taluka Umerkot, District Umerkot. (hereinafter called "the Second Party") which expression shall include its successors, legal representatives and permitted assigns.

WHERE AS, the **First Party** desirous to engage the **Second Party** to execute the Rehabilitation / Improvement of Karna Minor (hereinafter called "the Works" as per Attachment-I) which form integral part of this Agreement in respect of carrying out the Rehabilitation / Improvement works of Karna Minor under Sindh Water Sector Improvement Project (WSIP-I).

AND WHERE AS, the **Second Party** has agreed to execute such works subject to the terms and conditions set forth herein which have been mutually agreed upon and form part of this Agreement and are, therefore, binding on both parties.

• Preamble

The two parties to this agreement being interested in Rehabilitation / Improvement of Karna Minor for proper distribution of water and thus eliminating the poverty.

The **Second Party** to this agreement being a Farmers' Organization of Karna Minor is interested in improving the operational efficiency of irrigation channel through social / economic development initiatives.

The **First Party**, working on behalf of Government Agency, is interested in Contributing for the improvement of the water supply to the farmers/members of the **Second Party**.

The Project Implementation Consultants PIC is Authorized Representative who will provide technical assistance and supervision of the works on behalf of the **First Party** (SIDA).

The Consultants are the Project Implementation Consultants i.e Mott Macdonald in association with MM Pakistan (Pvt.) Ltd. or any other competent person or organization appointed by the SIDA and notified to the **Second Party** to act in replacement of the Consultants. The Consultants shall be responsible for services to be provided to the **First Party/ Authorized Representative** as follows:

- (i) Spot checking pucca and katcha works and structures during installations and checking all completed civil works undertaken with project financing;
- (ii) Spot checking quality of works during construction 100 percent of works by value and 100 percent after completion and before submission of final withdrawal application;
- (iii) Verifying and certifying quantities and quality of civil works completed; and
- (iv) Notifying the SIDA management (**First Party**) of compliance or non-compliance of completed works.

The "Contract" is the Contract between the **First Part** and **Second Party** to execute and complete the works.

◦ **Mission**

To contribute to the upgrading of the economic and social well being of the farmers / members represented by Farmers' Organization of Karna Minor being the **Second Party**.

◦ **Objective**

Whereas the Farmers' Organization has expressed willing to undertake Rehabilitation / Improvement of Karna Minor offtakes from Thar Canal at RD 55+000 R/S, Taluka Umerkot, and District Umerkot. (hereinafter called "the Site"). Managing Director, SIDA has agreed to provide the assistance of funding through Investment Projects under Water Sector Improvement Project (WSIP-I).

Abbreviations

The following abbreviations are used in this Agreement.

Rs.	Rupees
ft	Foot
nr	Number
I.P	Inspection Path
N.I.P	Non Inspection Path
R.D	Reduced Distance
cft	Cubic Foot
sft	Square Foot
cwt	Hundred weight
rft	Running foot

• Detail of the Works

The detail of the works would be carried out according to the attached design approved by the First Party with following major works.

Sr. No.	Description	Unit	Quantity	Reference of BOQ
1	Jungle Clearance	sft	275,840	Bill Nr. 1
2	Earthwork Excavation in Channel and Structures	cft	477,295	Bill Nr. 1
3	Borrow Area	cft	11,400	Bill Nr. 1
4	Plain and Reinforced Concrete	cft	2403	Bill Nr. 2
5	Brickwork	cft	4011	Bill Nr. 2
6	Restoration of Open Type Modules	Nrs.	04	Bill Nr. 2
7	Repair of Siphone	Nr.	01	Bill Nr. 2
8	Restoration of RD Markers	Nrs.	07	Bill Nr. 2
9	Construction of Washing Ghats	Nr.	01	Bill Nr. 2
10	Construction of Buffalo Wallows	Nr.	01	Bill Nr. 2
11	Discharge Measuring Section	Nr.	01	Bill Nr. 2
12	Stone Pitching	Rft.	50	Bill Nr. 2
13	Gauges at each outlet	Nrs.	05	Bill Nr. 2
14	Repair of Head Regulator Structure	Nr.	01	Bill Nr. 2
15	Complete mechanical maintenance and protective coatings to whole steel structure of vertical single screw regulator gate.	Nr.	01	Bill Nr. 2
16	Construction of FO Office	Nr	01	Bill Nr. 2
17	Construction of groynes	sft	800	Bill Nr. 1

• Cost of the Rehabilitation/Improvement Works

The breakdown of the total cost of the project as agreed by both the parties is as follows:

Total Cost

Rs. 4,024,409=

• **Disbursement of Funds**

Disbursement of the funds by the **First Party** to the **Second Party** will be made only through crossed cheque or direct transfer of funds in the FO account to be maintained specifically for this purpose.

• **Payment Terms and Schedule**

- i) 25% of total cost of contract shall be paid by the **First Party** to the **Second Party** as Mobilization Advance after signing of the contract within 05 days.
- ii) 25% of Advance Amount will be deducted by **First Party** from every running bill claimed/submitted by **Second Party** and certified/approved by the Authorized representative on behalf of the **First Party**.
- iii) The payment will be made as per completion of site activities stated under individual milestone.

Payments to Second Party	Activities to be Completed	Payment to be released by First Party to Second Party on Completion of the required work under part of milestone	Time Line (Days)
Mobilization	<ul style="list-style-type: none"> • Signing of the Agreement • Opening of a Bank Account by the Second Party to be used only for the purposes of transactions under this Agreement. • The Second Party has trained account bookkeepers. This may be FO treasure or any person hired/volunteer for this purpose and hiring if Site Engineer • The Second Party has completed the obligation and the First Party has satisfied and verified it. 	25% mobilization advance of the total amount fixed for the Contract	14
First Milestone (Invoice can be raised for any single part i.e. activity 1 or 2 only to facilitate FOs at initial stage)	1. Jungle Clearance, Ploughing 3 times and Earthwork excavation or Silt clearance lead upto 100 ft, and Cutting of trees.	908,335.43	30
	2. Re-handling of Earthwork upto 100 ft.	1,056,611.81	25
	3. Filling suitable material for embankment fill from borrow pits, compaction, watering, dressing & Leveling including side slopes.	115,392	30
	4. Constructing Groynes single upto 10 ft height average lead one mile	21,206	14
Second Milestone	***Repair/Replacement of Head Regulator structure and Complete mechanical maintenance and protective coatings to whole steel structure of vertical single screw regulator gate	386,602	10
Third Milestone	**Construction and / or repair, siphon, outlets, Discharge measuring section, buffalo wallows,	813,741.42	25

	Washing Ghats and Restoration and Erection of RD Markers. Monthly payment for Site Engineer hired by FO for technical assistance.(6 Months).	120,000	
Fourth Milestone	<ul style="list-style-type: none"> • Construction of FO Office • Furniture, Fixture, Stationary & Tree Plantation. 	500,000 100,000	34
Net Contract Price Rs.		4,024,409	182

*Earthwork complete in all respect
 Earthwork complete in all respect including but not limited to jungle clearance, excavation/silt clearance, borrowing earth. Leveling, dressing & compaction of earth work as embankment fill, Constructing groynes single up to 10 ft height average lead one mile as per drawings and specifications.

**Construction & Repair of VRB
 Construction and / or repair to Village Road Bridge and Foot Bridge, regulator Structure, outlets, Discharge measurement masonry section, Buffalo Wallows, Washing Ghats and Restoration and Erection of RD Markers as per drawings and specifications.

***Head Regulator Gate
 Head Regulator Gates (Gates Repair or Replacement) as per drawings and specification and Tree Plantation.

Technical Staff
 Three months Salary of Technical staff (Site Engineer) will be paid by FO from Mobilization advance and remaining three months from third milestone payment.

• Execution of the Work

The Second Party will carry out the Rehabilitation/Improvement of works in accordance with the Drawings and Specifications under the technical guidance and certification of works by Project Implementation Consultants (PIC).

• Start Date and Completion Time

The start date shall be 10 days after the date of signing of the Agreement. The intended completion time for the whole of the works shall be 182 days. In exceptional circumstances, the time period may be extended in writing by the mutual consent of both parties.

• Completion, Delays and Defaults

a) Completion period of the rehabilitation works is 182 days. FO shall be responsible for timely completion. Completion period for part of individual mile stone is attached as **Annexure-V**.

- iv) Ensure that the construction materials shall be according to specifications attached **Annexure-I**
- v) Follow satisfactory financial management as indicated in the **Clause-20**
- vi) Ensure that the goods and services for the project are procured through prudent procurement practices and are exclusively used for the subject project works and keep and maintain record like Cash Book as per **Annexure-II**.
- vii) Report to the **First Party** in the format as per **Annexure-III & IV**.
- viii) Permit at all times, the **First Party or** Authorized Representative to inspect the records and physical works under the project and comply the recommendations/ observations as a result of such inspection.
- ix) Be responsible for bringing any discrepancy to the notice of the Authorized Representative of the **First Party** in writing and seek necessary clarification.
- x) Keep the **First Party** or Authorized Representative informed about the progress of the works.
- xi) The Second Party shall carryout the Works at Site, as defined in Clause 4, in a manner that there shall be no displacement of squatter structures (of any type-residential or commercial, etc.) which shall be bypassed during construction, and the disturbance to the squatter residents and businesses shall be minimized. The stipulation of this Clause shall be applicable to the encroachments identified below as well as to any other encroachments / structures not identified below but discovered during construction and notified by the SIDA field staff or concerned Area Water Board, from time to time.

Sr. No	Description	Location	Type of Structure
01	Grave of Saint	RD 0+650	Kacha

- xii) The Second party will notify a procurement committee, within 03 days of contract signing and get it approved from its General Body with intimation to first party. The procurement committee shall comprise of 05 members. All the purchase of material, services, etc, shall be done by procurement committee through open transparent and acceptable manner. The committee shall get approval of all purchases, services and sub-letting of contracts, etc from General Body before the procurement as per approved FO financial regulations 2004.

The Procurement Committee shall comprise of:

- a) The Chairman of FO
- b) The Treasurer of FO
- c) The Secretary of FO
- d) Any two Agriculturist / Academician of the FO command area

- xiii) The Second Party will notify a works committee within 03 days of contract signing and get it approved from its General Body with intimation to first party. The works committee shall comprise of at least 06 members. All the works under CBC will be executed supervised and verified by the Works Committee on Behalf

of Second Part and remain in contact with the Engineer of the project deployed by First party.

The Works Committee shall comprise of:

- a) The Chairman of FO
- b) The Treasurer of FO
- c) Any other two nominees of GB of FO
- d) Assistant Engineer for FO deployed by SIDA
- e) Site Engineer hired for CBC by FO

xiv) The second party will form and notify before start of work a Participatory Monitoring Committee (PMC) for independent monitoring of the rehabilitation works carried out by the Works Committee and purchases made by the Procurement Committee. The committee may review the record, documentation, finances and progress of the works. The PMC will be comprised of following members:

- a) The Vice Chairman of FO
- b) Member 1 of BoM of FO
- c) Member 2 of BoM of FO
- d) Advisory or Co-opted advisory member/technical expert of FO
- e) Ex-Officio member
- f) Social Organizer, SIDA
- g) Representative of concerned AWB(Sub-Engineer or Asst. Manager Social Mobilization)

All committees would from time to time submit their progress to FO General Body and also share with First party as per agreement.

xv) The 2nd party will undertake and address resettlement issues if any as per social action plan/Resettlement plan as well as Environmental management plan. Any religious structures, cultural or livelihood structure as identified in the document or in RAP/SAP will be addressed properly by 2nd party.

• **Obligation of Project Implementation Consultants PIC**

- i) Joint Survey before start of works for Rehabilitation/Improvement of Karna Minor.
- ii) Issuance of construction drawings to the **Second Party** for execution of works.
- iii) Supervision of the works carried out on behalf of **First Party**
- iv) Verification/checking of completed works at Site.
- v) Certification of the Completed works under individual milestone and recommendation for release of payment.
- vi) Submission of progress report and technical report of the works to the **First Party**.

- The **First Party** will not be responsible for any damage if so occurred during or after completion of the works, due to mismanagement or negligence of the **Second Party** or due to natural calamities like rain, flood etc.
- The **First Party** shall not be responsible for any change in the flow or discharge of the water in the irrigation channel, which occurs due to change in full supply level of the canal etc. The **First Party** shall also not be responsible for over topping etc. due to increase in discharge over and above discharge of the irrigation channels or any sort of hindrance / obstacle created by men/women or animals in the flowing water.
- **The First Party** may terminate the contract if the second party causes a breach of contract. The breaches of Contract shall include, but shall not be limited to the following.
 - a) **The Second Party** stops work for 21 days and the stoppage has not been authorized by the **First Party**.
 - b) The **First Party** instructs the **Second Party** to delay the progress of the Works, and the instruction is not withdrawn in 21 days.
 - c) The **Second Party** is made bankrupt or goes into liquidation other than for a reconstruction or amalgamation.
 - d) The First Party gives Notice that failure to correct a particular Defect is a breach of Contract and the **Second Party** fails to correct it within a reasonable period of time determined by the **First Party**;
 - e) The **Second Party** has delayed the completion of the Works by the number of days equivalent to original completion time in days.
 - f) If the **Second Party**, in the judgment of the **First Party** has engaged in corrupt or fraudulent practices in executing the Contract.

For the purpose of this paragraph;

“**corrupt practice**” means the offering, giving, receiving or soliciting of any thing of value to influence the action of public official in contract execution.

“**Fraudulent Practice**” means a misrepresentation of facts in to order influence the execution of Contract.

If the Contract is terminated the **Second Party** shall stop the work immediately, make the site safe and secure, and leave the site as soon as reasonably possible.

• **Settlement of Accounts**

If the contract is terminated because of a breach of Contract by the **Second Party**, the **First Party** shall issue a certificate for the value of milestone completed and

Materials ordered less advance payments received and less 25% of the value of milestone not completed up to the date of the issue of the certificate representing the **First Party** additional cost for completing the remaining milestones. If the total amount due to the **First Party** exceeds any payment due to the **Second Party**, the difference shall be a debt payable to the **First Party**.

• **Procurement Procedures:**

- (i) **Second Party** will follow the stipulated guidelines for procurements and keep the record of procurement for each item like Hill sand, Bricks, Crush Gravel, Cement, steel, and stone in proper register that will be checked by **First party** time to time.

• **Resolution of Dispute**

If any dispute arises, the parties shall first try to settle the dispute through an amicable consultation. If the dispute is not settled through such consultation, the matter will be referred for Adjudication to a person jointly agreed by both the parties whose decision will be final and binding for both the parties. The agreed fee and reimbursable expenses for Adjudicator shall be borne equally by the **First Party** and the **Second Party**.

• **Financial Management**

Satisfactory Financial Management arrangement comprises the following requirements.

- a) The **Second Party** shall open a separate Project Bank Account for the project funds. The **Second Party's** cash contributions for project activities and the contribution received from the **First Party** shall be deposited into the Project Bank Account. The Project Bank Account would be used for project related receipts and payment only. Operation Maintenance contributions, saving contributions and related payments shall not be made into and from this Project Bank Account.
- b) The **Second Party** shall have a trained accounts bookkeeper.
- c) The **Second Party** shall maintain the following accounts registers / records as per forms provided by the **First Party**:
 - i) **Simple Cash / Bank Book**
(Provide details of amounts received and details of payments along with classification on major heads).
 - ii) **Register of Contributions**
(Provide details of amounts received and details of payments along with classification on major heads).
 - iii) **Register of Materials**

(Providing details of materials purchased using project funds and materials utilized)

- d) The **Second Party** shall maintain vouchers / bills / supporting documents for the various receipts and payments (systematically numbered), and copies of the bank account statement (pass book).
 - e) The **Second Party** shall prepare a simple report each month as the format provided by the **First Party**. This summary would indicate following.
 - i. Fund Statement showing amount received from the **First Party**, amount spent on the various items, and balance in the Project Bank Account or Cash.
 - ii. The details of the work being carried out, (activity to be completed, cost, the work already completed and the work to be done in the next month).
 - f) The **Second Party** shall regularly present the above report to its members. The **Second Party** shall also display the above reports in the notice board of FO office. In addition the books / registers, vouchers and bank statements shall be brought to the meetings of the **Second Party** and be opened for scrutiny by members.
 - g) The **Second Party** shall provide a copy of the above report to the **First Party** each month (within 7 days of the end of the month).
 - h) The **Second Party** shall provide the account Registers / records, supporting documents and all other information and co-operation to the Project Auditor appointed by the **First Party**.
 - i) The **Second Party** shall maintain similar accounts for its Operation & Maintenance Bank Account, and present a summary account statement for this amount to its members.
 - j) **Second Party** will not be allowed to draw the amount from bank account without procuring any material, if found so, **First Party** may initiate action and request the Bank not to make further transaction from the account to the **Second Party** in order to save the loss of Project funds for intended purpose.
 - k) The **First Party** will ensure that the funds are properly utilized for the specified works against which these were released to the **Second Party**.
- l) In case of any disputes between the **Second Party** and hindrance in the construction work, **Second Party** is bound to return back the unused amount excluding the executed work difference that will be verified by consultants. Unused amount, if not returned, will be recovered through arrears under Land Revenue Act 1967.

In witness whereof the parties have signed this deed at _____ on the
day, month and year first mentioned above.

Signature for and on behalf of the
Farmers' Organization Karna Minor
Sindh Irrigation & Drainage Authority
By



1. Chairman Farmers' Organization
(Second Party)

Name: Fateh Mohammad Palli
CNIC: 44107-5832738-5

Signature for and on behalf of the
SIDA

By



Managing Director

Sindh Irrigation & Drainage
Authority
(First Party)

Witness:

Signature for and on behalf of
SIDA

2. Vice Chairman

Name: Khairique DIND SAAND
CNIC: 44107-9123610-1



1) Project Director WSIP _____

3. Secretary

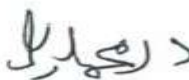
Name: ManZoor Ali Palli
CNIC: 44107-9316782-9



2) General Manager (T) _____

4. Treasurer:

Name: Durr Mohammad Palli
CNIC: 44107-5831883-5



3) General Manager(F) _____



5. Social Development Specialist:
(FO names Verified)

