Project Agreement

(Tamil Nadu and Puducherry Coastal Disaster Risk Reduction Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF TAMIL NADU

Dated November 11, 2013
PROJECT AGREEMENT

Agreement dated November 11, 2013, entered into between the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the STATE OF TAMIL NADU ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between INDIA ("Recipient") and the Association. The Association and the Project 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 — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Part A of the Project 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 its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project 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 Project Implementing Entity’s Representative is the Chief Secretary of Tamil Nadu.

4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America
4.03. The Project Implementing Entity's Address is:

Chief Secretary
Government of Tamil Nadu
Secretariat
Fort St. George, Chennai
Tamil Nadu, India

Facsimile:
91-44-25672304

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Anna Ruhell
Title: Country Director, India

STATE OF TAMIL NADU

By

Authorized Representative

Name: Gagandeep Singh Bedi
Title: Secretary, Revenue Dept.
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall vest the overall coordination of Project activities under its Respective Part of the Project in its Office of the Commissioner of Revenue Administration.

2. Notwithstanding paragraph 1 above, the Project Implementing Entity shall maintain throughout the period of implementation of its Respective Part of the Project:

(a) the state level Steering Committee, with membership, powers, functions and competencies acceptable to the Association, as shall be required to provide policy guidance for, and exercise general oversight of, the implementation of Project activities by the OCRA and the Line Departments and Agencies;

(b) the Empowered Committee, with membership, powers, functions, competencies, staff and resources acceptable to the Association, as shall be required for, inter alia, according all approvals and sanctions for the carrying out of activities under its Respective Part of the Project; and

(c) the Project Management Unit within OCRA: (i) headed by a project director assisted by competent staff, all with experience and qualification, in numbers and under terms of reference acceptable to the Association; and (ii) provided with such powers, financial resources, functions and competences, acceptable to the Association, as shall be required for, inter alia: (A) carrying out of day-to-day implementation of activities under Components 1.2.(c), 3.1., 3.3. and 4 of Part A of the Project, as well as the overall financial management of Tamil Nadu’s Respective Part of the Project; (B) coordinating, monitoring and evaluating the Line Departments and Agencies’ day-to-day implementation of Components 1.1., 1.2.(a) and (b), 1.3., 2 and 3.2 and 3.4. of Part A of the Project, and related procurement activities; (C) acting as secretariat to the Steering Committee; (D) carrying out regular quality control and supervision of the Project’s performance and deliverables pursuant to the Operations Manual; and (E) ensuring implementation of, and compliance with, the Safeguard Documents and the Project’s reporting requirements.

3. The Project Implementing Entity shall maintain, and/or establish by six (6) month as of the Effective Date and thereafter maintain, throughout the period of implementation of its Respective Part of the Project, project implementation units within: (i) RD&PRD, for purposes of Components 1.1. and 1.2.(b) of Part A of the Project and, in partnership with SIRD, Component 3.2 of Part A of the Project; (ii) TN-PWD, for purposes of Component
1.2. (a) of Part A of the Project; (iii) TN-DOF, for purposes of Component 2 of Part A of the Project; (iv) TANGEDCO, for purposes of Component 1.3. of Part A of the Project; (v) SDMA, for purposes of Component 3.1. of Part A of the Project; and (vi) DOE, for purposes of Component 3.4. of Part A of the Project; which units shall: (A) have personnel with experience and qualification, in numbers and under terms of reference acceptable to the Association; (B) be provided with such powers, financial resources, functions and competences, acceptable to the Association, as shall be required for the carrying out of the day-to-day implementation of the Project activities under their purview (except for financial management responsibilities which shall remain with the PMU); (C) carry out regular quality control and supervision of contractors' performance and their deliverables pursuant to the Operations Manual; and (D) ensure implementation of compliance with the Safeguard Documents and the Project's reporting requirements. The foregoing project implementation units may also comprise district and sub-district offices, as deemed necessary by the respective Line Departments and Agencies.

4. The Project Implementing Entity shall maintain throughout the period of implementation of its Respective Part of the Project:

(a) the services of a quality audit consultant, with qualification and under terms of reference acceptable to the Association, in order to: (i) carry out monitoring and supervision activities on the performance of Project's contractors and their timely and proper compliance with their expected deliverables; (ii) certify the quality of goods and works procured under the Project by the PMU and the PIUs in accordance with the Operations Manual; and (iii) monitor compliance with the Safeguard Documents and the handling of environmental and social risks in accordance therewith; and

(b) the services of a firm of chartered accountants with qualification and experience, and under terms of reference acceptable to the Association, in order to: (i) carry out the semi-annual internal audits of the operations of the PMU and PIUs pursuant to the protocols, standards and requirement set forth in the Operations Manual; (ii) provide feedback to OCRA, the Line Departments and Agencies and the Association on any control weaknesses and issues observed that might require management attention; and (iii) assist OCRA and the Line Department and Agencies to strengthen their internal control systems and address any concerns raised.

B. Project Documents

The Project Implementing Entity shall:

(a) implement its Respective Part of the Project, and/or cause it to be implemented, in accordance with the Operations Manual and the Safeguard Documents; provided, however, that in the event of conflict between any of the provisions of said manual and/or documents, on the one hand, and those of this Agreement or the Financing Agreement, on the other hand, the provisions of the latter shall govern; and
(b) refrain from amending, suspending, waiving, and/or voiding any provision of the Operations Manual or the Safeguard Documents, or consenting to such amendment, suspension, waiver and/or voidance, whether in whole or in part, without the prior written concurrence of the Association.

C. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Resilient Housing

1. For purposes of carrying out Component 1.1 of Part A of the Project, the Project Implementing Entity shall have selected the Beneficiaries and constructed the respective houses in accordance with the guidelines and selection criteria set forth in the Operations Manual, which shall include, *inter alia*:

(a) a selection priority for Beneficiaries residing within the 200-1000m high tide line;

(b) the requirement that the selected Beneficiaries: (i) be residents of Tamil Nadu; and (ii) be deemed living in risk-prone houses, as evidenced by the presence of thatched roofs, mud walls, and/or mortar;

(c) the architectural designs, minimum construction standards and technical specifications for the edification of the new multi-hazard resistant units;

(d) compliance will all governmental permits required for the proposed constructions/rehabilitation; and

(e) minimum social and/or environmental risk, and compliance with the TN-ESMF and/or mitigation measures required thereunder.

2. Except as the Association shall otherwise agree in writing, only those houses that have been: (i) substantially completed; and (ii) handed over to the respective Beneficiary owner, shall be deemed eligible for financing for Relocation Support under the Project Implementing Entity's Respective Part of the Project.

E. Resilient Electrical Network

1. In order for TANGEDCO to discharge its responsibilities referred pursuant to paragraph 3(iv) above, the Project Implementing Entity shall enter into a written agreement with TANGEDCO, under terms and conditions acceptable to the Association, whereby the TANGEDCO undertakes to: (a) comply with all the fiduciary and safeguard standards, procedures and requirements set forth in this Agreement, the Financing Agreement, the Anti-Corruption Guidelines, the Procurement Guidelines, the Consultants Guidelines, the General Conditions, the Operations Manual and the Safeguard Documents; and (b)
discharge its responsibilities in the implementation of Component 1.3 of Part A of the Project in accordance therewith.

2. Notwithstanding the foregoing, in the event of a conflict between the provision of the foregoing written agreement between the Project Implementing Entity and TANGEDCO, on the one side, and those of this Agreement or the Financing Agreement, on the other, the provisions of the latter shall prevail.

F. Fisheries Livelihood Support

For purposes of carrying out the activities under Components 2.2.(c) and (d) of Part A of the Project, and prior to the provision of any equipment to Beneficiaries, the Project Implementing Entity shall:

(a) have prepared and adopted guidelines and selection criteria, acceptable to the Association, for the determination of eligible beneficiaries to receive an in-kind grant of low-cost equipment/goods and/or communication devices; and

(b) ensure that the selected Beneficiaries properly operate and maintain the goods/equipment granted to them under the Project and do not sell, transfer, use as collateral, or create any easements upon, such goods/equipment for up to the tool life thereof.

G. Safeguards.

1. The Project Implementing Entity shall:

(a) carry out its Respective Part of the Project, and/or cause it to be carried out, in accordance/compliance with the TN-EMPs, TN-ESMF and the instruments (to be) prepared pursuant to paragraph 2 of this Sub-Section, and pursuant to the objectives, policies, procedures, compensation arrangements and other provisions set forth therein, in a manner and substance satisfactory to the Association; and

(b) refrain from taking any action, or consenting to an action to be taken, which would prevent or interfere with the implementation of the Safeguard Documents, including any amendment, suspension, waiver, and/or voidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the Association.

2. Without limitation of the provision of paragraph 1 above, the Project Implementing Entity shall refrain, and/or cause the TANGEDCO to refrain, from inviting bids, and/or selecting any contractors for the carrying out of any civil works not covered by the TN-EMPs, until and unless the Project Implementing Entity and/or TANGEDCO, as the case may be, has: (a) carried out an environmental and social assessment of said civil works in accordance with the TN-ESMF; and (b) when applicable pursuant to the TN-ESMF, prepared the respective environmental management plan or resettlement action plan in a manner and substance acceptable to the Association.
3. The Project Implementing Entity shall ensure, and/or cause TANGECDO to ensure, that:

(a) prior to commencing any civil works under its Respective Part of the Project: (i) all necessary government permits and clearances for such civil works, shall have been obtained from the competent governmental authority/ies and submitted to the Association; and (ii) all conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled; and

(b) each contract for civil works under its Respective Part of the Project includes the obligation of the contractor to comply with the Safeguard Documents applicable to the civil works commissioned/awarded pursuant to said contract.

4. The Project Implementing Entity shall, throughout the period of implementation of its Respective Part of the Project: (a) maintain monitoring and evaluation protocols and record keeping procedures acceptable to the Association and adequate to enable the Project Implementing Entity and the Association to supervise and assess, on an on-going basis, the implementation of/compliance with the Safeguards Documents, as well as the achievement of the objectives thereof; and (b) furnish to the Association quarterly reports on the general compliance with the Safeguard Documents, the social and environmental impact of Project activities, and the results of the mitigation or benefit-enhancing measures applied thereto, during the period preceding the date of each such report.

5. The Project Implementing Entity shall ensure that any compensation for resettlement and/or rehabilitation to be paid to Displaced Persons shall be financed exclusively out of the Project Implementing Entity's own resources, and, to this end, shall provide, promptly as needed, the resources required therefor in accordance with the TN-EMPs, TN-ESMF and/or the respective resettlement action plan prepared pursuant to paragraph 2 above.

H. Contingent Emergency Response Mechanism

1. In order to ensure proper implementation of the Component 5 of Part A of the Project ("CER Component"), the Project Implementing Entity shall:

(a) prepare and furnish to the Association for its review and approval, an operations manual (the "CER Operations Manual") which shall set forth detailed implementation arrangements for the CER Component, including: (i) designation of terms of reference for, and resource to be allocated to, the entity to be responsible for the coordination and implementation of the CER Component (the "Coordinating Authority"); (ii) specific activities which may be included in the CER Component, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the CER Component; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the CER Component; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the CER Component consistent with the Association's policies on the matter;
and (vii) any other arrangements necessary to ensure proper coordination and implementation of the CER Component.

(b) afford the Association a reasonable opportunity to review said proposed CER Operations Manual;

(c) promptly adopt the CER Operations Manual for the CER Component as shall have been approved by the Association;

(d) ensure that the CER Component is carried out in accordance with the CER Operations Manual, provided, however, that in the event of any inconsistency between any of the provisions of the CER Operations Manual and those of this Agreement and/or the Financing Agreement, the provisions of this Agreement and/or the Financing Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive, whether in whole or in part, any provision of the CER Operations Manual without the prior approval by the Association.

2. The Project Implementing Entity shall, throughout the period of implementation of the CER Component, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the Association.

3. The Project Implementing Entity shall undertake no activities under the CER Component (and no activities shall be included in the CER Component) unless and until the following conditions have been met in respect of said activities:

(a) (i) the Recipient and the Project Implementing Entity have determined that an Eligible Crisis or Emergency has occurred; (ii) the Project Implementing Entity has furnished to the Association a request to include said activities in the CER Component in order to respond to said Eligible Crisis or Emergency, and (iii) the Association has agreed with such determination, accepted said request and notified the Recipient and the Project Implementing Entity thereof; and

(b) the Project Implementing Entity has prepared and disclosed all safeguards instruments required for said activities, in accordance with the CER Operations Manual, the Association has approved all such instruments, and the Project Implementing Entity has implemented all actions which are required to be taken under said instruments prior to the commencement of such activities.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each such Project Report shall
cover the period of one calendar quarter, and shall be furnished to the Recipient and the Association not later than forty five (45) days after the end of the period covered by such report.

2. The Project Implementing Entity shall: (a) prepare the Project execution/completion report referred to in Section 5.08 (c) of the General conditions in respect to its Respective Part of the Project; and (b) furnish it to the Recipient and the Association not later than six (6) months after the Closing Date.

3. For purposes of this Section II.A, the Project Implementing Entity shall maintain throughout the period of implementation of its Respective Part of the Project, a management information system within the OCRA, in form and substance satisfactory to the Association, which system shall be updated/expanded, by no later than December 31, 2013, in a manner and substance acceptable to the Association, in order to incorporate: (a) a module for the reception, processing and tracking of Project-related grievance complaints filed by stakeholders, as well as the monitoring of the PMU’s handling thereof; and (b) the procurement modules set forth in Section III.2 herein below.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare 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 Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.

2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Recipient and the Association not later than forty five (45) days after the end of each calendar quarter, interim financial report for the Respective Part of the Project covering the quarter in form and substance satisfactory to the Association.

3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than nine (9) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

1. All goods, works and services required for the Project Implementing Entity’s Respective Part of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.
2. The Project Implementing Entity shall:

(a) maintain throughout the period of implementation of its Respective Part of the Project, a fully operational procurement documentation and record keeping system, in a manner and substance acceptable to the Association, including a freely and publicly accessible database with an interface (link) with OCRA's and the Line Departments and Agencies' websites, showing the procurement plans and procurement notices, invitations to bid, bidding documents and requests for proposals, as well as the procurement status of various contracts, including status of evaluations, short lists of consultants, contract awards and contracts' performance, list of contracts/purchase orders placed following shopping procedures (to be updated on a quarterly basis), and the complaints received and the actions taken in respect thereof. The Project implementing entity shall maintain such system and website updated on a monthly basis throughout the period of implementation of its Respective Part of the Project; and

(b) establish and maintain throughout the period of implementation of its Respective Part of the Project, a system for the handling of procurement complaints, in a manner and substance acceptable to the Association, which system shall include, inter alia: (i) a second tier appeal system; and (ii) a complaint database with an interface (link) to the management information systems referred to in Section II.A.3 of this Schedule, providing free and public access for the submission of electronic claims. Notwithstanding the foregoing, for any procurement done through International competitive Bidding, the Association's prescript complaint redress mechanism shall apply.