Project Agreement
(Bihar Rural Roads Project)
between
INTERNATIONAL DEVELOPMENT ASSOCIATION
and
STATE OF BIHAR

Dated MAY 29, 2017
CREDIT NUMBER 5938-IN

PROJECT AGREEMENT

Agreement dated 29, 201, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the STATE OF BIHAR ("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 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 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 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 Secretary, Rural Works Department, Government of Bihar.
4.02. The Association's Address is:

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

Facsimile:
1-202-477-6391

4.03. The Project Implementing Entity’s Address is:

Secretary, Rural Works Department
Government of Bihar
5th Floor, Vishweshwariya Bhawan,
J L Nehru Marg
Patna – 800015
Bihar
Email: secretaryrwdbihar@gmail.com
Contact: +91.0612.2545191

Facsimile/Email:
+91.0612.2545322
AGREED at New Delhi, India, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Authorized Representative
Name: JUNAID KHAN
Title: COUNTRY DIRECTOR, INDIA

STATE OF BIHAR

By
Authorized Representative
Name: VINAY KUMAR
Title: SECRETARY
SCHEDULE

Execution of the Project

Section I.  Implementation Arrangements

A.  Institutional Arrangements

1.  The Project Implementing Entity shall vest the overall responsibility for the implementation of Project activities in its RWD, acting through the BRRDA.

2.  For purpose of paragraph 1 above, the Project Implementing Entity shall:

(a)  maintain throughout the period of Project implementation a high level project steering committee, which committee shall be: (i) headed by the Secretary of RWD, and comprised of the Engineer in Chief (RWD), and four Chief Engineers of RWD; and (ii) provided with such powers, functions and competencies, agreed with the Association, as shall be required to provide policy guidance for, and exercise the general oversight of, the implementation of Project activities, including the review of budgetary allocations and execution, Project Reports (as defined herein below), annual work plans, internal audits reports and annual Financial Statements for the Project prepared by BRRDA;

(b)  maintain BRRDA in good standing and operations throughout the period of Project implementation and ensure that BRRDA: (i) is granted the powers, functions, competencies, staff and resources agreed with the Association, as shall be required for, inter alia: (A) guaranteeing inter-departmental coordination for the implementation of the Project; (B) preparing annual work plans and carrying out procurement activities thereunder; (C) ensuring enforcement/compliance with the Safeguard Documents; (D) carrying out Project financial management, ensuring the proper use of Project funds, and producing the Project's audited Financial Statements; (E) carrying out contract management activities and ensuring quality of Project outputs; and (F) monitoring, supervising and reporting on the progress achieved in carrying out the Project activities, and the attainment of the development objectives thereof; and (ii) establishes and/or maintains adequate and qualified teams responsible for project planning/selection and engineering design, quality management, environmental and social management, including an environmental management cell and a land acquisition cell, procurement and contract management, road sector modernization plan and asset management, grievance redress, and financial management, all of them in numbers and under terms of reference agreed with Association;
(c) maintain throughout the period of implementation of such civil works on any Rural Road, or section thereof, in any Project District, one or more district-specific Project Implementation Units ("PIU(s)"), comprising competent, experienced and qualified staff, in sufficient numbers and under terms of reference acceptable to the Association; which unit shall be vested with such powers, financial resources, functions and competencies acceptable to the Association as shall be required in order to assist BRRDA with the carrying out of the day-to-day implementation of Project Activities in the respective Project District, and to mobilize and coordinate the local support of communities and authorities for the Project;

(d) maintain throughout the period of Project implementation, a road sector modernization group, which group shall: (i) be headed by the Secretary of RWD, and comprised of RWD officers and recognized road/transport sector experts; and (ii) oversee, and provide guidance to the RWD and BRRDA on the implementation of Component 2 of the Project;

(e) maintain, throughout the period of Project implementation, a road safety management group, which group shall: (i) be headed by the Secretary of RWD, and comprised of representatives from the Bihar's State Police, the Transport Department, the Education Department and the Health Department; and (ii) oversee the implementation of Component 2(c) of the Project.

3. The Project Implementing Entity shall cause BRRDA to select and engage by no later than eight (8) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, the services of a project management consulting firm or a group of individual experts, with qualification and experience and under terms of reference acceptable to the Association, in order to assist the RWD and BRRDA, inter alia, with Project implementation, monitoring, the carrying out of performance audits and provision of ancillary technical support.

B. Anti-Corruption

The Project Implementing Entity shall ensure, and cause BRRDA to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Project Documents

1. The Project Implementing Entity shall, and shall cause BRRDA to:

(a) implement the Project in accordance with the FM Manual; provided, however, that in the event of conflict between the provisions of said
manual, on the one hand, and those of this Agreement or the Financing Agreement, on the other hand, the provisions of the latter shall prevail; and

(b) refrain from amending, suspending, waiving, and/or voiding any provision of the FM Manual, whether in whole or in part, without the prior written concurrence of the Association.

2. The Project Implementing Entity shall, and/or shall cause BRRDA to:

(a) prepare, and furnish to the Association for concurrence by no later than six (6) months after the Effective Date, an asset management plan ("Asset Management Plan"), in a manner and substance acceptable to the Association, which plan shall set forth/detail, inter alia, the provision of a reliable and sound asset data-base system, including performance measurement, asset valuation and long-term financing plan;

(b) prepare, and furnish to the Association for concurrence by no later than one (1) year after the Effective Date, a human resources professional development strategy (the "Human Resources Professional Development Strategy"), in a manner and substance acceptable to the Association, which strategy shall provide for, inter alia: (i) capacity building activities for the enhancement of knowledge base of RWD's staff at all levels, as well as RWD's contractors and consultants; (ii) development of IT based training programs and materials; and (iii) the design and implementation arrangements of pilot interventions providing employment opportunities, through skill enhancement, for youth and/or the staff of RWD's contractors;

(c) prepare and furnish to the Association for concurrence, by no later than six (6) months after the effective date, a safety action plan for Rural Roads (the "Rural Roads Safety Action Plan"), in a manner and substance acceptable to the Association, which plan shall provide for, inter alia: (i) retrofitting roads safety measures for the existing Rural Roads network; (ii) capacity building activities for RWD/BRRDA staff and other related agencies; (iii) awareness programs for local governments, communities and work zone safety; and (iv) road safety audits for priority Rural Roads; and

(d) thereafter implement the Asset Management Plan, the Human Resources Professional Development Strategy and the Rural Road Safety Action Plan as so approved, and timely provide the necessary resources therefor, as agreed with the Association.

3. The Project Implementing Entity shall, and shall cause BRRDA to, refrain from amending, suspending, waiving, and/or voiding any provision, whether in whole
or in part, of the Asset Management Plan approved pursuant to paragraph 2 above, without the prior written concurrence of the Association.

D. Safeguards

1. The Project Implementing Entity shall, and shall cause BRRDA to:

   (a) carry out the Project in accordance with the EMF, the ECoPs, the SMF, the VF, and the instruments (to be) prepared pursuant to paragraph 2(b) of this Section I.D in consistency with the objectives, policies, procedures, time schedules, compensation arrangements and other provisions set forth in the EMF, the ECoPs, the SMF and the VF, and in a manner and substance satisfactory to the Association (all these documents collectively referred to as the “Safeguard Documents”); and

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

2. With respect to each Rural Road to be constructed and/or upgraded under Component 1 of the Project, as well as any construction work for road safety interventions under sub-Components 1.2 and 2.3(a)(ii) of the Project, the Project Implementing Entity shall, and shall cause BRRDA to, refrain from inviting bids or undertaking any construction works, until and unless:

   (a) the proposed construction/upgrading activities have been screened by the BRRDA, in accordance with the guidelines, standards and procedures set forth in the EMF, the ECoPs, the SMF and the VF, and BRRDA has produced a screening report in each case as required by the EMF, the SMF and the VF;

   (b) as required by such foregoing screening and pursuant to the provisions of the EMF, the SMF and the VF, all necessary environmental documentation as required by the EMF; all necessary resettlement action plans required by the SMF, and all necessary Vulnerable Community development plans required by the VF, including all mitigation and compensation measures, as the case may be, has/have been agreed, prepared and documented; and

   (c) the foregoing Safeguard Documents have been publicly disclosed by the Project Implementing Entity and/or BRRDA, in local language(s) at the relevant Project sites.
3. The Project Implementing Entity shall ensure, and cause BRRDA to ensure, that, prior to commencing any civil works on a Rural Road selected for the Project, or any sections thereof:

(a) all necessary governmental permits and clearances for such civil works in the relevant road, or section, shall have been obtained from the competent governmental authority/ies;

(b) all pre-construction stage conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled;

(c) all resettlement measures set forth in the applicable resettlement action plans prepared pursuant to paragraph 2(b) of this Section I.D, shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Displaced Persons, as per the entitlements provided in the SMF and the relevant resettlement action plans; and

(d) all development actions set forth in the applicable Vulnerable Communities development plans prepared pursuant to paragraph 2(b) of this Section I.D, if any, and required prior to the commencement of any such civil works, shall have been undertaken as per the provisions of the VF and the relevant Vulnerable Communities development plans.

4. The Project Implementing Entity shall ensure, and cause BRRDA to ensure, that each contract for civil works under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguard Documents applicable to such civil works commissioned/awarded pursuant to said contract.

5. The Project Implementing Entity shall ensure that the following Project expenditures are financed exclusively out of the Project Implementing Entity's own resources, and, to this end, shall provide, as promptly as needed, the resources required therefor, namely:

(a) all land acquisition required for the purpose of the Project;

(b) any compensation, resettlement and rehabilitation assistance or payments to Displaced Persons in accordance with the provision of the applicable resettlement action plans referred to in paragraph 3(c) of this Section I.D; and

(c) tree cutting, forest land diversion costs, and/or other expenditures associated with obtaining any regulatory clearances and/or utilities relocation.
6. The Project Implementing Entity shall ensure, and cause BRRDA to ensure, that all consultants' services financed under sub-Component 1.2 and Component 2 of the Project, including studies to be supported under the Project, are carried out under terms of reference agreed with the Association, and, to that end, such terms of reference shall duly incorporate the requirements of the Association's Safeguards Policies.

7. The Project Implementing Entity shall cause BRRDA to:

(a) maintain throughout the period of Project implementation, a social and environmental nodal officer with qualifications and experience satisfactory to the Association, and under terms of reference agreed with the Association, which officer shall be responsible for overseeing and ensuring BRRDA's, PIU(s)' and the contractors' compliance with/implementation of the Safeguard Documents, as well as advising RWD and BRRDA on any necessary mitigation and/or enhancement measures for the Project's social and environmental impacts; and

(b) engage, by no later than a year after the Effective Date, a consultant, with qualification and experience, and under terms of reference, agreed with the Association, for the carrying out of independent assessments of the implementation of Project activities, including: (i) BRRDA's, the PIU(s)' and contractors' implementation of, and general compliance with, the Safeguard Documents; (ii) the social and environmental impacts of project activities; and (iii) the results of the mitigation or benefit-enhancement measures applied thereto.

8. In the event of any conflict between the provisions of any of the Safeguard Documents, 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.

E. Grievance Redress Mechanism

The Project Implementing Entity shall maintain and operate throughout the period of Project implementation, a district-level grievance redress mechanism, subject to guidelines and procedures agreed with the Association, for purposes of receiving and processing any complaints arising out of, or in relation to, the Project.

F. Road Sector Modernization Plan and Budgetary Allocations

The Project Implementing Entity shall implement the Road Sector Modernization Plan in a manner and substance agreed with the Associations and, to that end, it shall:
(a) (i) maintain an adequate level of maintenance funding as per the current Bihar’s Rural Roads Maintenance Policy; and (ii) increase such allocation proportionally to the annual growth of its Rural Roads network;

(b) allocate at least eighty percent (80%) of the Rural Roads maintenance funds referred to in sub-paragraph (a) above in accordance with the maintenance priorities established under the annual maintenance plans prepared under the Asset Management Plan. The Project Implementing Entity shall publicly disclose the annual maintenance plans in RWD’s web-site, in a manner and substance acceptable to the Association;

(c) (i) by no later than one (1) year after the Effective Date, introduce/implement performance-based contracting, and/or other improved methods of contracting acceptable to the Association, for road maintenance works covering at least twenty (20%) percent of its Rural Roads network covered under the Project; (ii) progressively expand such coverage throughout the period of Project implementation; and (iii) allocate necessary budgetary resources to fund the said contracts; and

(d) use climate resilient and environmentally optimized designs for at least twenty (20%) percent of Rural Roads intervened/covered under the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and cause BRRDA to prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with 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 forty five (45) days after the end of the period covered by such report.

2. The Project Implementing Entity shall and/or shall cause BRRDA to: (a) prepare the Project execution and completion report referred to in Section 4.08(c) of the General Conditions; and (b) furnish it to the Recipient and the Association no later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain, and cause BRRDA to maintain, a financial management system and prepare financial statements for the Project 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 and BRRDA, including the operations, resources and expenditures related to the Project.

2. Without limitation on the provision of Part A of this Section, the Project Implementing Entity shall cause BRRDA to prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the calendar quarter, in form and substance satisfactory to the Bank.

3. The Project Implementing Entity shall have, and/or cause BRRDA to have, the Project’s 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, commencing with the fiscal year in which the first withdrawal is made. The Project Implementing Entity shall ensure, and/or cause BRRDA to ensure, that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than nine 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**

All goods, works and services required for 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.