CREDIT NUMBER 5375-IN

Program Agreement

(Maharashtra Rural Water Supply and Sanitation Program)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF MAHARASHTRA

Dated May 30, 2014
PROGRAM AGREEMENT

Agreement dated May 30, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and STATE OF MAHARASHTRA ("Maharashtra" or the "Program Implementing Entity") acting by its Governor ("Program Agreement") in connection with the Financing Agreement of the same date between India, acting by its President ("Recipient") and the Association ("Financing Agreement"). The Association and Maharashtra, hereby, agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) ("General Conditions") constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in the Program Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II – PROGRAM

2.01. Maharashtra declares its commitment to the objectives of the Program. To this end, Maharashtra shall carry out the Program 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 to carry out the Program.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient, Maharashtra, and the Association shall otherwise agree, Maharashtra shall ensure that the Program is carried out in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

3.01. Maharashtra’s Representative is its Chief Secretary.

3.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America
3.03. Maharashtra's Address is:

Chief Secretary
Government of Maharashtra
Mantralaya
Mumbai-400 032, India

Facsimile:
91 22-22028594

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name
Title

STATE OF MAHARASHTRA

By

Authorized Representative

Name
Title
SCHEDULE

Execution of the Program

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article IV of the General Conditions, Maharashtra shall ensure that the Program is carried out, in accordance with financial management, procurement and environmental and social management systems mutually acceptable to the Association and the Recipient, including those set out in the Program Manual and the Program Action Plan ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Financing 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.

B. Anti-Corruption

Without limitation upon the provisions of Part A of this Section, Maharashtra shall carry out the Program in accordance with the provisions of the Anti-Corruption Guidelines and the following provisions.

The Association’s right to investigate allegations regarding the Program’s activities and expenditures, and the related access to needed persons, information, and documents will be observed in accordance with the protocol dated July 30, 2008 between the Recipient and the Association and certain “mutatis mutandis” adjustments, inter alia outlined below.

1. The term “Bank” shall be substituted by the term “Association.”

2. In paragraph 3, the term “Joint Secretary (Procurement), Ministry of Health and Family Welfare”, shall be substituted by representative designated by the Recipient.

3. Where applicable, the term “projects” shall be substituted by the term “Program.”
4. Where applicable “Financing Agreements” shall be substituted with the expression “Financing Agreement and Program Agreement.”

5. In paragraph 2, the following sentence is added at the paragraph's end: "At the Association’s request, Recipient shall take all necessary measures to cause the Program Implementing Entity to provide the Association with access to the Program's underlying audit reports, books, and records as well as relevant persons connected with the Program."

6. In paragraph 3, the expression “central sector projects” shall be substituted by the term “Program.”

C. Other Program Institutional and Implementation Arrangements

Without limitation on the generality of Part A of this Section I, Maharashtra shall:

(a) carry out the Program in accordance with the institutional and administrative arrangements set forth in the Financing Agreement, this Agreement, the Program Action Plan, and the Program Manual;

(b) not, except as the Association shall otherwise agree in writing, amend or waive any of such arrangements if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the Program’s implementation or the achievement of the objectives thereof; and

(c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the Program in accordance with the Program Manual and the Program Action Plan.

Section II. Excluded Activities

Maharashtra shall ensure that the Program shall include no activities which:

(a) in the opinion of the Association are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people;

(b) involve procurement of: (1) works, estimated to cost $50 million equivalent or more per contract; (2) goods, estimated to cost $30 million equivalent or more per contract; (3) non-consulting services, estimated to cost $20 million equivalent or more per contract; and (4) consultants’
services, estimated to cost $15 million equivalent or more per contract; or

(c) involve physical investments which, in the opinion of the Association, have high environmental risks, including: (1) schemes that involve construction or rehabilitation of dams which are greater than or equal to ten (10) meters in height; (2) groundwater-based schemes in overexploited and critical watersheds that do not integrate source sustainability measures; and (3) schemes involving highly polluted surface water sources (as defined in the Program Manual).

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

1. Maharashtra shall monitor and evaluate the progress performance of the Program and prepare Program Reports in accordance with the provisions of Section 4.08 of the General Conditions. Without limiting Section 4.08 of the General Conditions, the Program Reports shall cover the progress of Maharashtra’s implementation of the Program activities, achievement of results and Program Action Plan. Each Program Report shall cover the period of six months and shall be furnished to the Association not later forty-five (45) days after the end of the period covered by such report.

2. Maharashtra shall, no later than January 31 of each calendar year, prepare and furnish to the Association, for its review and comments, annual action plans for implementation of the activities under the Program for the following year, and taking into account the Association’s recommendations, finalize not later than March 31 of that following year, such plans.

3. Maharashtra shall:

(a) carry out jointly with the Association, by no later than December 31, 2016, a midterm review to assess the overall progress in implementation of the Program;

(b) prepare and furnish to the Association, at least three (3) months prior to such review, a report, in scope and detail acceptable to the Association, needed to undertake the review; and

(c) review, jointly with the Association, the report referred to in subparagraph (b) above and thereafter take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Association’s views on the matter.
B. Verification Process

Maharashtra shall:

(a) undertake a verification process, in accordance with terms of reference acceptable to the Association, for the fulfillment of the Disbursement Linked Results set out in the table in Schedule 2 of the Financing Agreement; and

(b) furnish to the Association corresponding verification reports, in form and substance acceptable to the Association on June 30 of each calendar year.

C. Program Financial Audits

1. Without limitation on the generality of Section 1.A of this Schedule and Section 4.09 of the General Conditions, the Program Implementing Entity shall have the Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year. The audited Financial Statements for each such period shall be furnished to the Association not later than nine months after the end of such period.